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Serbs Down U.S. Jet, 120 UN Hostages Reported Freed After 16 French Are Seized



U.S. Marines firing rifles aboard the Kearsarge assault ship in the Adriatic as they trained for possible support of UN peacekeeping troops in Bosnia.

Pilot Missing, NATO Mounts Rescue Effort

By Roger Cohen
New York Times Service

SARAJEVO, Bosnia-Herzegovina — The Bosnian Serbs shot down an American F-16 fighter aircraft flying a NATO mission over northern Bosnia on Friday, drawing the United States more directly into the Bosnian conflict than ever before.

A NATO spokesman, Lieutenant Commander Mike Considine, said that the pilot ejected from his plane and that his fate was unknown. A rescue operation, almost certainly involving aircraft and helicopters, was mounted near the northern Bosnian Serb stronghold of Banja Luka.

[French officials said Friday that Bosnian Serbs had released 120 UN hostages and that they would be taken to Belgrade, Reuters reported from Paris.]

[The United States said it welcomed the reported release of some of the peacekeepers, but insisted the rest should be freed as well.]

[The Bosnian Serb leader, Radovan Karadzic, said from his headquarters in Pale, outside Sarajevo, that he expected a "sign of goodwill" from the international community before releasing more of the hostages.]

The hostage issue became more confused when, before the announcement of the release, it was reported that Bosnian Serb forces had taken another 16 French peacekeepers hostage.

The North Atlantic Treaty Organization declined to give details of the mission to rescue the U.S. pilot. Bosnian Serb officials said a parachute was seen just before the fighter crashed into a populated area near the town of Mrkonjic Grad, about 65 kilometers (40 miles) south of Banja Luka.

With the downing of the plane, it appeared a decisive moment had been reached in the Bosnian conflict. Britain and France had over 180 personnel among the more than 350 United Nations peacekeepers that had been taken hostage by the Serbs after two recent NATO bombing raids.

The Serbs, who have threatened to shoot down alliance aircraft after NATO twice bombed a Serbian ammunition depot, downed the U.S. fighter with a surface-to-air missile.

Several such missile batteries were installed by the Serbs last year to deter NATO flights over the 70 percent of Bosnia they hold. The missile systems would be obvious targets if the United States decided to respond militarily to the downing of the plane.

The American fighter took off from Aviano in northern Italy and was flying a NATO mission as part of an operation that began in April 1993 and was supposed to prevent the belligerents in the war from using aircraft.

It was the first American aircraft shot down in the three-year-old war. Last year, a British Harrier jet flying a NATO mission was downed over the eastern Bosnian enclave of Gorazde, but the pilot ejected into territory held by the Muslim-led Bosnian government and survived.

The downing of the U.S. plane came at a time when NATO was trying to bring peace to Bosnia.



Major Casualty To UN, NATO And America: Credibility Loss

By Michael Dobbs
Washington Post Service

BRUSSELS — Among all the troubling images of the Bosnian war, few are more perplexing than the spectacle of a ragtag Balkan army spitting in the face of the world's most powerful military alliance.

How is it that an organization that succeeded in keeping the Soviet Red Army at bay for more than 40 years gets such little respect from the Bosnian Serbs?

The official answer to this question is that the North Atlantic Treaty Organization has never been directly involved in the war in the former Yugoslavia. It has merely provided technical military support, when requested to do so by the United Nations.

According to this line of reasoning, NATO's own credibility has not been adversely affected by its inability to stop the worst outbreak of fighting in Europe since the

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end of World War II. NATO never set itself the goal of bringing peace to Bosnia.

Such logic may provide some comfort to the political leaders who worked out the tortuous "dual key" arrangement that put NATO forces under the control of UN bureaucrats.

But it is hardly adequate on a day in which an American F-16, carrying out a NATO mission to enforce a "no flight" zone over Bosnia, gets shot out of the air by a Bosnian Serb missile.

What is at stake is not just the credibility of the United Nations, but also the credibility of NATO, and in the last resort the credibility of the United States, the world's sole remaining "superpower."

In private, NATO officials and diplomats acknowledge that the Yugoslav crisis has highlighted the enormous problems faced by the alliance in adapting to the challenges of the post-Cold War era. Western governments no longer have the luxury of facing the Soviet Union, a single, monolithic threat that was easily explainable to public opinion and served the useful purpose of galvanizing the West into action.

The "evil empire" has given way to a multitude of "evil fiefdoms," each of which has the capacity to cause the West a huge amount of trouble.

"It used to be very simple," an official at NATO headquarters in Brussels said Friday. "NATO was created at a time when the military threat was very palpable. We

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Experts Dismiss Recession Fears Despite Job Data

By Lawrence Malkin
International Herald Tribune

NEW YORK — An unexpected loss of more than 100,000 industrial and construction jobs during May was reported by the government Friday, clinching a series of gloomy economic reports raising recession fears that virtually all analysts nevertheless found unwarranted.

The consensus on Wall Street and in Washington was that traditional harbingers of recession — high inflation, excessive debt, overstocked stores, rising interest rates — were all missing, and that the current readjustment was therefore highly unlikely to turn into a collapse, although the climb back to steady growth might last for the rest of this year and need the help of the Federal Reserve.

"Nothing is seriously out of balance in the economy," said Cynthia Latta of DRI/McGraw Hill. Before regaining momentum, economists forecast that economic growth may dip below 1 percent, and even Treasury Secretary Robert E. Rubin publicly conceded that "we may have a few bad months."

This also seemed to be the considered verdict of the financial markets after they recovered from the initial shock of a 101,000 decline in payroll unemployment instead of an expected if sluggish advance of 150,000.

The economy added 60,000 service jobs in trade and transportation. But this was far from enough to offset losses that included 57,000 jobs in construction, 56,000 in manufacturing and 22,000 in government.

The dollar at first declined in Europe by half a yen and almost 2 pfennig, but moved into positive territory in New York by midday. The Dow Jones Industrial Average fell, led lower by stocks in companies sensitive to weakness in the economy, but banking and technology stocks rose.

The more significant figure, were in the Treasury bond markets, which were expected to help stem the economic slide by providing cheaper credit for housing, mortgage refinancing and industrial investment. For the first time in 15 months, yields on 30-year Treasury bonds fell below 6.5 percent to 6.49 percent.

Two- to 10-year rates fell to between 5% and 6 percent, reflecting the widespread belief that the Fed would cut its current 6 percent rate for overnight bank money this summer by as much as a full percentage

Dow Jones	Trib Index
Down	Up
28.36	0.56%
4444.39	123.20

The Dollar	vs. day	vs. week
DM	1.409	1.4058
Pound	1.5895	1.5977
Yen	84.35	84.85
FF	4.951	4.951

point. Thus the central bank would start reversing last year's preemptive strike against inflation, which is slowing the economy now.

Not all signs were totally negative after a week of reports on slowing factory orders

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As the East Waits, Japan Weighs Past Against Future

By Michael Richardson
International Herald Tribune

SINGAPORE — As Japan's Parliament tries to decide whether and how to draft an apology for its aggressions before and during World War II, virtually every country in East Asia and the Pacific is telling Tokyo that the decision will have an intangible but critical impact on its role in the region.

Through public and private channels, they have made plain that an unambiguous apology for Japanese ag-

gression and colonial rule in Asia is an essential condition for greater acceptance in the region.

The coalition government headed by the Social Democratic prime minister, Tomiichi Murayama, is deeply divided over the wording of an apology to mark the 50th anniversary of the war's end.

Hard-line conservatives of the Liberal Democratic Party in the coalition assert that the statement sought by the Socialists is a leftist view of history that dishonors the struggle by Japan's war dead to liberate Asia from Western colonialism.

Earlier this week, coalition leaders set Friday as a deadline for a draft accord on the apology, but a new round of negotiations Friday on the resolution ended without agreement and Mr. Murayama repeated his call for a clear apology by Parliament. Reuters quoted some observers as saying that the debate could drag on until Parliament's session ended on June 18.

A number of Asia-Pacific countries have told Tokyo that it must go further, officials said. They want Japan to follow the example of Germany in not only acknowledging

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Chinese Catholics Blossom, Even Under Beijing's Thumb

By Steven Mufson
Washington Post Service

DONG LU, China — The sound of Gregorian chant drifted over the rice fields as a stiff wind blew incense from the silver censer, and thousands of Chinese Catholics clutched their crosses or rosaries and strained for a view of the Mass said here last week by priests and bishops of the underground Roman Catholic Church.

Twice the congregation turned and stared at the afternoon sun for a glimpse of the Virgin Mary, who Catholics say appeared here nearly a century ago to save them during the anti-missionary and anti-Western rampages of the Boxer Rebellion. Once, the crowd broke into applause. "If you don't believe, you can't see," said one of the faithful.

Nearly as miraculous as the vision was the spectacle of nearly 10,000 Chinese defying the Communist government by holding an unauthorized Mass. While international attention has focused on a few dozen high-profile dissidents in Beijing, thousands of other Chinese have fought

their own battles against the authorities, sneaking through police roadblocks and risking arrest to get here. A bishop came several days early by motorcycle; another slipped through a roadblock at 3 A.M.

Other Catholics came by tractor, bus, taxi or foot. Organizers of the meeting in this village, 210 kilometers (130 miles) southwest of Beijing, where large-scale Masses are held annually and smaller ones take place throughout the year, said that thousands of others tried to attend but were turned away by police.

The Mass at this pilgrimage site is just one of many signs of the Roman Catholic Church's ability to survive under the

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AGENDA

Clinton Renews China Trade Status

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Behind 'Friendly Fire' Deaths

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BUSINESS/FINANCE Page 11.
Europe's Grim Automakers

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WASHINGTON (Reuters) — President Bill Clinton on Friday renewed most-favored-nation trade status for China for another year but said he still found China's record on human rights unacceptable.

"We believe that renewal of MFN will promote a range of U.S. interests in China, including human rights," the White House spokesman, Michael McCurry, said in a written statement.

But he said the United States remained convinced the "broadest possible engagement with China offers the best opportunity over the long-term to ensure that China abides by internationally accepted norms."



No. 1 — Andre Agassi in his French Open victory on Friday. Page 19.

Raunchy Fare Ranks Time Warner as America's Cultural Culture

By Howard Kurtz
Washington Post Service

WASHINGTON — Last summer, when a magazine journalist, John Leo, had dinner with friends in the Hamptons, the talk turned to which corporation was doing the most to debase and degrade American culture. The winner, hands down, was Time Warner.

Mr. Leo gathered evidence, particularly about offensive music, and delivered his indictment in March in his U.S. News & World Report column. "Like a junkie quivering toward a fix," he wrote, "Time Warner simply can't resist cashing in on the amoral singers who work tirelessly to tear the culture apart, glorifying brutality, violence and the most hateful attitudes toward women."

The next day he got a call from William J. Bennett, the former education secretary. "I was reading it like Joe Citizen and I couldn't believe it," Mr. Bennett said Thursday. "I'm an old rock-and-roller, played in bands. But when I read these lyrics I was outraged."

That conversation led to a public campaign against Time Warner, a confrontation at its annual meeting and, on Wednesday, a stinging attack by the Senate majority leader, Bob Dole of Kansas, that has put the company at the center of the presidential campaign and the nation's ongoing culture wars.

"Time Warner is our leading cultural polluter," said Mr. Leo, a former Time editor. "No one is in favor of censorship, but this is a matter of corporate responsibility."

Some journalists at Time Warner, whose music

division is a key profit center, are equally appalled. "Most people here say this is just about making a buck," one Time magazine staffer said. "They're ashamed of it."

But Michael Fuchs, chairman of Time Warner Music Group, accused Mr. Dole of politicizing the issue through "overheated rhetoric."

He said that offensive lyrics, by past and present Time Warner artists, are "the price you pay for freedom of expression."

Whether or not Time Warner is engaged in the "marketing of evil," as Mr. Dole put it in his Hollywood speech, the news and entertainment conglomerate has abruptly become this year's "Murphy Brown," under attack by a national politician for undermining moral virtue.

"I have mixed feelings about it," Mr. Bennett said. "It gives our critics a clut to say this is all about politics. The good part is it does raise the profile of the issue."

Mr. Bennett is stepping up his campaign by sending letters to Time Warner board members — including an opera diva, Beverly Sills — citing the "vulgar" and "truly offensive" lyrics of the heavy metal group Nine Inch Nails.

"I am a big man (yes I am). And I have a big gun. Got me a big old (expensive) and I like to have fun. Held against your forehead, I'll make you suck it. Maybe I'll put a hole in your head. . . I can reduce you if I want. I can devour. I'm hard as (expensive) steel

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Newsstand Prices

Atlanta	9.00 FF	Luxembourg	80.1 Fr
Athens	11.20 FF	Morocco	13.10 Dh
Cameroon	4.00 CFA	Qatar	8.00 Rials
Egypt	5.00 FF	Reunion	11.20 FF
France	9.00 FF	Saudi Arabia	9.00 R.
Gabon	960 CFA	Senegal	960 CFA
Greece	350 Dr.	Spain	225 PTAS
Italy	2,600 Lire	Tunisia	1,250 Din
Ivory Coast	1,120 CFA	Turkey	7.1 45,000
Jordan	1 JD	U.A.E.	8.50 Dirh
Lebanon	US\$ 1.50	U.S. Mail (Eur.)	\$1.10

Sakhalin Town Has No One Left to Fight Oil Spill

New York Times Service
NEFTEGORSK, Russia — Serafima Varlamova stared at the bulldozer parked on the side of the sandy road that cut through the birch and pine forest of northern Sakhalin Island and cursed the missing driver.

"Drunk!" she said with a scowl. "We are looking at an ecological disaster in the wake of this human tragedy, and all anyone can think about is drinking vodka."

Mrs. Varlamova is an oceanographic researcher in the Russian Ecology Ministry. She is trying to bring official attention to another disastrous result of the earthquake that killed more than half of the 3,200 residents of this small oil town last Sunday.

She is worried about the oil leaking from a ruptured pipeline that runs across Sakhalin from the offshore fields in the Sea of Okhotsk to

terminals on the mainland. Some 21,000 barrels of crude, she said, have been spilled since the pipeline buckled in the quake.

"The problem is that all the people who ran the pumping stations and knew the pipeline are dead, missing or so distressed that they can't possibly work," Mrs. Varlamova said. "Neftegorsk was not just an oil town. It was a town created exactly to house those who worked in the industry. Now it — and they — are gone, and no one else seems to know what is where or what to do."

Rescue workers found a badly injured teenager early Friday, along with 95 corpses, after searching in vain for survivors and the dead Thursday night.

Two more survivors were pulled from the rubble late Friday, Reuters reported. Medical officials said Misha Deputatov, 9, and Fyodor Yakimov, 33, were found in the wreckage.

But rescuers had slowed their search to concentrate on a single site, evidence that hopes of finding more people alive were fading fast.

They were sifting through the remains of one of the 19 prefabricated, five-story apartment blocks that collapsed in seconds in the earthquake, which measured 7.5 on the Richter scale.

The authorities said that the official toll from the quake so far was 866, and that 405 survivors had been found. They said they believed that up to 2,000 people perished.

In Moscow, meanwhile, a spokesman for President Boris N. Yeltsin apologized Friday for the president's "rather emotional remarks" Wednesday, in which he suggested that a Japanese offer to help quake victims could come with a price: a demand for the return of the Kurile Islands that were seized by the Soviet Union at the end of World War II.

But the spokesman also said that "influential forces" in Japan wanted to link all contacts with Russia to the dispute, a reaction the Japanese Embassy in Moscow called "regrettable."

Across the country, the oil was draining into the rich fishing grounds that surround Sakhalin. Pools have collected along the pipeline, marking the 18 spots where the underground pipe moved and snapped.

But more disturbing to Mrs. Varlamova was the attitude of the oil sector, which she said regarded production as the most important concern.

"There is heavy pressure on us to reopen the pipeline immediately, without thoroughly checking it," she said. "It is almost like the had old days of the command economy. Haven't we learned anything?"

Corsican Separatists Separate Dozen Quarreling Factions Blast Each Other

By Marlene Simons
New York Times Service

AJACCIO, Corsica — A tough Corsican ritual was played out in Ajaccio the other night. A sports car came sweeping past a government building. From the car, three masked figures sprayed the dark offices with gunfire.

As the fusillade echoed around the heavy stone walls of this medieval port, the patrons of the Napoleon Bar hit the floor like a well-drilled crowd. But no sooner had the sounds faded than the interpreters of Corsica's violent politics got to work.

"It's against those new gun controls," one patron declared. "It must be about a construction license," another said. And in the ensuing debate, local connoisseurs identified no fewer than three nationalistic groups that could have dispatched the assault team.

As Corsican acts of revenge go, this was mild. The fierce dynamics of the island's separatist struggle last year included 400 bomb explosions and 40 murders, most of them believed to be political and most not cleared up.

Corsican separatists who want more or full independence from Paris have been around since 1768, when Genoa sold this Mediterranean island to France. But the modern armed movement, which began two decades ago, has been unrelenting. There has been so much blasting of banks, police stations, homes and businesses that new cases no longer qualify as news on mainland France.

What distinguishes the recent violence, however, is that the once dominant Corsican National Liberation Front has split into quarreling factions. More than a dozen competing groups now seek control over Corsican affairs. Three factions have armed guerrilla branches.

Mutual suspicion and conspiracies proliferate. In conversations with members of different groups it becomes clear that maneuvering against rivals takes at least as much energy as the fight against Paris.

There have been turf wars over who collects which "revolutionary taxes" — the name for the protection money that many businesses are forced to pay. In recent months, nationalists have even killed one another.

As worrying to many people is evidence that the separatist struggle has become a cover for common crimes. "The worst part," an Ajaccio restaurant owner said, "is that the factions are attracting young Rambos who are interested in the power of guns and not in idealism. It's getting very dangerous."

What is also different is that more Corsicans are tired of violence. In January, after four gangland murders in one week had traumatized the northern town of Bastia, some 500 women published an anti-violence statement in the newspapers which they called a "Manifesto for Life."

Since then, more than 2,000 women have added their signatures, which is considered a high number in this secretive island society. "We get letters of support every day," said Bernadette Spagnole, one of the group's coordinators. "Women who had a son killed or a husband or a cousin. Women who think we've reached the limits and who don't want any more armed bands."

Miss Spagnole contrasted the situation in Corsica to Sicily's. "Italy is coming out of this violence and we are sliding into it," she said. "More and more young people are armed."

What Corsica has in common with Sicily is the tradition of vendetta and the local rule of silence and fear that keeps witnesses and jurors from speaking out in court.

In contrast to Sicily, though, Corsican separatists, rather than profiting from drugs, have called for the execution of drug dealers to keep Corsica "clean." Police believe that some killings and explosions at local bars are linked to the militants' anti-drug campaign.

The women's group has demanded a police crackdown on illegal weapons. They are also staging monthly demonstrations in front of government buildings in Ajaccio where they recite the death toll of the month. The women's group says it takes no sides in the separatist struggle but denounces what it sees as its deterioration into mercenary fights for power.

Although the exact number of militants is not known, nationalism nonetheless still has wide support in Corsica. Max Simeoni, leader of a moderate nationalist group, said that for all the bomb-throwing, "nationalists have achieved what traditional politics had not." Including the official recognition of the Corsican language (which is akin to Italian), a university and a regional Parliament, although the latter cannot pass laws.

Militants offer elaborate justifications for the hundreds of bomb blasts every year, some of which are aimed at the kind of land speculation and tourist development that has taken over much of the French Riviera.

"Fortunately, our clandestine groups resist all this," said Jean Philippe Atolani, a member of Cuncolia, a separatist group. "If they hadn't, we'd already be covered in concrete."

BRIEFLY EUROPE

U.S. to Study Europe Trade Zone

MADRID — The United States promised Friday to give serious study to proposals for a trans-Atlantic free trade agreement and pledged that its long-term goal was to integrate the economies of North America and Europe.

But Secretary of State Warren M. Christopher voiced some reservations about the idea and proposed several shorter-term measures to boost trade.

The idea of a free-trade zone, first proposed by Canada last year, has been backed by Britain and Germany and is the subject of a study launched by Sir Leon Brittan, vice president of the 15-nation European Union.

"We, too, intend to give it the serious study it deserves, with its considerable potential to form an element of our overall strategy," Mr. Christopher said in a speech to a Spanish research institute.

Economic ties between the United States and Europe are already enormous, with Europe accounting for almost half the foreign revenues of American companies. U.S. investment in Europe roughly equals that in the rest of the world put together.

Critics of the free trade scheme have therefore warned that it could become a rich man's club that would make poor countries even poorer.

In deference to that view, Mr. Christopher said any such agreement "must advance our overriding objective of global trade liberalization," and must not "disadvantage less developed countries." (Reuters)

Conciliatory Words for Ankara

ATHENS — Greece on Friday welcomed Turkey's "low-key reaction" to Athens' ratification of a treaty that allows it to expand territorial waters and said tension between the two NATO allies seemed to have eased.

"We believe it is over for now," a senior Greek government official said. "There were some harsh words exchanged but everything is under control. We are pleased with the way Ankara handled the issue."

Ancient tensions between the two neighbors resurfaced Thursday when the Greek Parliament ratified the Law of the Sea, an international treaty which gives Athens the right to extend its territorial waters.

Turkey restated its opposition and began scheduled land, air and sea maneuvers around the Aegean Sea, but Foreign Minister Erdal Inonu of Turkey sought to play down the Greek move, saying it "is not a reason for war."

The Greek government spokesman, Evangelos Vezizelos, said on Friday that Mr. Inonu's statements were "cautious and low-key" and that Greece retained the right to extend its waters whenever it saw fit. Ankara has said an actual extension of Greek waters in the Aegean is a cause for war.

Western analysts said that despite past rhetoric and belligerent posturing, it was unlikely the two nations would allow the dispute to develop into actual conflict. (Reuters)

Swiss Bishop Quits in Sex Scandal

VATICAN CITY — The resignation of Switzerland's youngest bishop after he got his girlfriend pregnant is the latest sex scandal to haunt a Roman Catholic Church that insists on celibacy from its priests and nuns.

The resignation Friday of the bishop of Basel, Hansjörg Vogel, 44, is bound to fuel new debate over whether the church can expect its consecrated members to live a chaste life in a modern, secular world filled with temptations.

The Vatican said Pope John Paul II accepted the resignation in accordance with canon law, which says a bishop is "earnestly requested" to resign when he has become unable to fulfill his office due to health "or another serious reason."

Bishop Vogel acknowledged in a public letter that he had turned to the unidentified woman for comfort from the pressure of his new post after becoming head of the Basel diocese 18 months ago.

Bishop Vogel said he was certain his resignation would unleash renewed debate about the church's celibacy rule. "There will be new doubts about whether priests can stick by their decision to be celibate," he wrote. (Reuters)

Morocco Fishing Talks Bog Down

RABAT, Morocco — Talks on the European Union's fishing treaty with Morocco bogged down Friday when the EU negotiating team failed to agree on a compromise proposal to cut the Union's catch in Moroccan waters.

The EU had hoped to offer Rabat its first detailed compromise on reducing its catch when the disagreement arose with the Spanish shortly before the negotiations were to begin, according to a Spanish source close to the talks. (AP)

From Sudan, a Bishop Tells Tales of Horror Visited on South's Non-Muslims

By Barry James
International Herald Tribune

PARIS — Despite the cease-fire brokered by former President Jimmy Carter, violence on a major scale is still occurring on a daily basis in southern Sudan, according to the Roman Catholic bishop of Torit, the southernmost diocese in the country.

At the same time, reports from the Sudanese capital, Khartoum, indicate rising unrest in the northern part of the vast nation, with the arrest of more than 200 opponents of the Islamic fundamentalist government.

Opposition sources quoted by The Associated Press said that former Prime Minister Sadek Mahdi

was arrested and tortured for criticizing the fundamentalist leader Hassan Turabi. The government accused him of conspiring with southern rebels, who are mostly Christians and animists, against the Islamic regime.

A somber Pentecost message issued by the bishop of Torit, Paride Taban, illustrated the extent of the violence in the south, where a civil war has raged for the past 12 years. He advised Catholics to carry shovels and hoes on their journeys in order to bury any dead they find along the way.

This was prompted, he said, by the apocalyptic visions he witnessed on a recent drive from Uganda to his see. He said he saw a group of women resembling living skeletons and crazed with fear.

vultures pecking at corpses and a stretch of highway littered with bleached human bones.

Bishop Taban was in Paris to meet with French aid organizations.

He said that government forces were regularly breaking the cease-fire in his sprawling diocese of 375,000 Catholics, bordering northern Kenya and Uganda.

"Chukudum, in my region, is bombed every week," he said. The attacks were continuing "in spite" of Mr. Carter.

The two-month cease-fire, aimed at allowing health officials to put in place a program for the eradication of guinea worm, was recently extended for the next two months.

A spokesman at Operation Lifeline Sudan in

Nairobi, an aid coordinator, conceded that violence in the region was endemic, but said it appeared to be carried out by lawless militias that have broken away from the main rebel movement.

But Bishop Taban said the attacks were part of a deliberate government policy to destroy the culture of the predominantly Christian and animist black African populations of the south. People are told that "to be Africans, they must be Muslims," he said.

The United Nations Human Rights Commission condemned the Sudanese government in unusually forthright terms in March for abuses including "summary executions, slavery and systematic torture." The commission said it had evidence the regime was rounding up Christian children and

sending them to remote camps for indoctrination and forced conversion to Islam.

Amnesty International alleges that thousands of southern Sudanese have been sold into slavery. A recent report by African Rights accused the government of perpetrating a "horrible range of abuses" against southerners in the north.

Foreign aid officials said the government permitted relief flights to 90 destinations in March, but acknowledged that flights had been halted to the Torit region because of the instability there.

"For us in the diocese of Torit and in the whole of southern Sudan, 1995 appears to be leading not to the end of the war, but to the end of the world," Bishop Taban said.

New York Looks for the Welcome Mat

Campaign Promotes Niceness to Tourists, but Not All Go Along

By Anthony Faiola
Washington Post Service

NEW YORK — "Smell my cab," insisted the taxi driver. "Go ahead, smell it."

Taking up Juan Cortes on his offer to inhale the odor of his taxi, a passenger finds his nostrils filled with the sugary fragrance of apple spice. The scent seeps from a rectangular air freshener, emblazoned with the words "New Yorkers Welcome the World," hanging from his rear-view mirror.

"Nice, eh?" Mr. Cortes laughs.

Civic leaders have launched a \$150,000 campaign to take the bad out of the Big Bad City by training New Yorkers to be friendlier to the 25 million visitors who pass through New York each year. Last month, a public-private partnership began a five-year sensitivity program to teach 50,000 policemen and other city employees the importance of being polite.

To make cabs more inviting, 10,000 Big Apple air fresheners were distributed. The piece de resistance is a subway ad campaign with slogans like, "Instead of Making a Wise Crack, Crack a Smile," or "Turn Your Back on Tourists and They'll Turn Their Backs on New York."

"We want to dispel the image that New York City is a cold, inhospitable place," Mayor Rudolph W. Giuliani said in an interview. "Personally, I think most New Yorkers are just fine the way they are. But of course, we do have some people who could stand to be more polite."

Yet this is the city of which Mignon McLaughlin wrote, "A car is useless in New York, essential everywhere else. The same with good manners."

"Nice? Nice? To tourists?" Fran Lebowitz, the New York author and humorist, said in an interview at a late-night Soho haunt this past week. "I'd like to stand on one of the bridges with a machine gun and hit them before they come over."

"Look at what's happened to 57th Street," she said. "It's become Anaheim with all those theme restaurants. Tourists are ruining this city. Just leave us alone."

Such responses make officials' hair stand on end. Indeed, in large part, the campaign was launched to polish residents of the Big Apple for America's largest convention of international tour operators, which landed in New York this week for the first time in 26 years.

The tour packages offered by the convention's 7,000 delegates collectively bring over about 80 percent of the 45 million foreigners who visit the United States each year. What's more, the perceptions of New York they take home will affect leisure travel patterns in the city's \$14 billion tourism industry for years to come.

Stephen Morello, chief executive of the New York Convention & Visitors Bureau, said he knew the campaign would be received "with a New York sense of humor."

New York's effort, while unique in scope, underscores a recent movement among major U.S. tourist destinations to make public employees and other tourism

industry "ambassadors," such as taxi drivers, more sensitive to visitors and the economic benefits they bring. In some urban areas, such as New York and Miami, surveys have shown that local rudeness ranks high among deterrents to repeat visits.

Research Associates Inc. showed that high costs and often-confusing street signs pose more of a threat to the city's tourism industry than a lack of pleasantness.

"I don't think we need it to the extent that New York City does, but yes, we'd like to see a similar campaign in Washington," said Daniel E. Mobley, president of the Washington D.C. Convention and Visitors Association, which three years ago helped test a program to teach politeness to taxi drivers in the nation's capital. "The only problem is we can't afford it."

Such programs can indeed be costly, unless they are subsidized. In New York, for example, the entire \$150,000 "politeness" campaign is costing the public less than \$11,000 because hotels, advertising firms and other tourism-related businesses have offered their services for free.

So, how is the campaign working? Let's just say the city's residents haven't suddenly put on a happy face and started singing "Whistle While You Work."

"My impression is that New Yorkers leave some of their stress with you every time you encounter one," said Jean-Marie Douvat, a Parisian attending the tour operators' convention this week. "But I suppose we do the same in Paris, so who am I to criticize?"

Panel Urges Safety Rules For Tourist Helicopters

WASHINGTON (WP) — The National Transportation Safety Board said Thursday that air tour operators who fly over dangerous areas such as Alaskan glaciers and the pounding surf below Hawaiian cliffs should be required to meet the same safety standards as other passenger-carrying aircraft.

The board, which investigates major transportation accidents, said the Federal Aviation Administration should adopt new national safety standards for tour operators and should order such common-sense precautions as life vests for occupants of helicopters that operate over water.

A special review of air tour incidents showed safety gaps that must be addressed, the board said, including staff shortages in aviation agency field offices with responsibility for air tour operators.

The board's review was prompted by two Hawaiian helicopter accidents that occurred within hours of each other on July 14, 1994. In each case, tourist helicopters made forced landings into the surf in remote areas, killing three people and seriously injuring one.

Striking pilots grounded all SAS flights

TRAVEL UPDATE

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Striking pilots grounded all SAS flights

between Scandinavia and the rest of the world Friday, after wage talks collapsed.

The one-day strike by about 650 of SAS's 1,500 pilots forced the cancellation of about 300 flights, or about a third of the carrier's total traffic. (AP)

Alitalia canceled 50 percent of its flights Friday because of a 24-hour strike by a pilots' union over salaries and a restructuring plan, a spokeswoman for the state-owned airline said. (Reuters)

Morocco's 14,000 rail workers ended a monthlong strike Friday after management of the state-run railroad agreed to meet some of their demands on pay and working conditions. (Reuters)

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'Friendly Fire' Deaths: Many at Fault, or One?

By Dana Priest
Washington Post Service

WASHINGTON — After 26 people were killed when U.S. military helicopters crashed over northern Iraq, the Pentagon came to one broad conclusion: There had been a shocking number of instances in which individuals failed to do their jobs properly. As General John M. Shalikashvili, chairman of the Joint Chiefs of Staff, put it, "He is being charged with the deaths of 26 people who were other people's jobs properly."

Now, Captain James Wang has gone on trial at Tinker Air Force Base outside Oklahoma City for dereliction of duty. He is the only person involved in the incident who is being court-martialed.

The limited fallout from one of the most deadly "friendly fire" incidents in U.S. military history has incensed relatives of the victims and reinforced the

view that accountability remains an elusive notion to the military.

"He is a scapegoat," said Joan Piper, the mother of Lieutenant Laura Piper, an intelligence analyst in one of the ill-fated helicopters who was visiting Kurdish villages in northern Iraq. "He is being charged with the deaths of 26 people who were other people's jobs properly."

In the past year, charges against five airmen directly involved in the incident have been dropped, and three senior commanders have been promoted or given good reassignments.

An air force statement said that its "review process was consistent with procedures Congress established in the Uniform Code of Military Jus-

tice," and Pentagon officials said that administrative action has been taken against several people involved in the incident. But they have refused to release the names of the people disciplined, or how, so those actions cannot be independently verified.

Last June, the Pentagon announced that Brigadier General Jeffrey S. Pilkington had been relieved of his command of the operation set up in 1991 to protect the Kurds in northern Iraq. This move, it confirmed, was General Pilkington's last assignment. He will move to the 86th Airfield Wing in Germany to become vice commander of the Air Intelligence Agency at Kelly Air Force Base in Texas. Some air force officials consider his move a step up, although his rank has not changed.

Captain Wang, in a telephone interview from his temporary legal office at Tinker Air

Force Base, said: "It really feels like they were looking for an individual, otherwise the air force would blame themselves, the institution." Otherwise, he added, "they would have to go after the pilots, which is the image of the air force."

Captain Wang was the supervisor of the crew on an AWACS surveillance aircraft that was supposed to monitor air traffic in a "no flight" zone in northern Iraq. He is charged with three counts of dereliction of duty and faces a maximum of nine months in prison, garnishing of wages and possible discharge.

An air force official who has followed the case said: "The air force is run by pilots, and the fighter mafia is deeply entrenched and powerful. There is a lot of concern out there because this has not been handled as most cases have been handled."

Lending weight to suspicions that Captain Wang has been made a scapegoat is the Defense Department's 21-volume report on the incident and some unusual legal decisions.

Four senior commanders of the mission to protect the Iraqi Kurds refused to testify at an initial investigation. The judge refused a defense request to allow Captain Wang's immediate supervisor and one of the pilots to testify in his Article 32 proceeding, which is like a grand jury hearing.

One of the two F-15 pilots who shot down the helicopters, Captain Eric Wickson, was granted immunity from criminal charges in exchange for testifying against the second pilot, Lieutenant Colonel Randy May. Colonel May initially faced 26 counts of negligent homicide, but the charges were dropped without explanation. Charges also were dropped against four of Captain Wang's fellow crew members on the Airborne Warning and Control System plane.

The Pentagon's investigation concluded that virtually every one involved bungled their jobs. "The accident was the result of errors, omissions and failures in the procedures of Operation Provide Comfort, the performance of air units involved and the operation of equipment used," Defense Secretary William J. Perry said in a report.

No one told the F-15 pilots that the Black Hawk helicopters were flying in the area and were allowed in the no-flight zone. The helicopters and the jet fighters could not communicate with each other because they were on different radio frequencies, and helicopter transponders were not programmed to emit the proper "friendly" codes.

The F-15 pilots were too far from the helicopters to identify them, and the AWACS crew never informed the F-15 pilots that U.S. aircraft were in the area or tried to stop the attack.

The military contends that Captain Wang, as senior director on the AWACS crew, did not properly track the helicopters and failed to tell the F-15 pilots that they were in the area. The captain's defense is that the friendly aircraft signals had been off his screen for some time before the fighter jets appeared.

Lawyers on both sides are under an unusual gag order not to discuss the case. Captain Wang is not, however, and has been defending himself on television stations and in newspapers across the country.

POLITICAL NOTES

Disarming in Montana

BILLINGS, Montana — You promised to cooperate with Republicans, the questioner reminded President Bill Clinton, so how come there's still so much quarreling in Washington?

He's done his best, Mr. Clinton said. But it seems those folks up on Capitol Hill don't always want so much to get along. "So here I am all dressed up and ready to cooperate," he said with a chuckle. "It takes two to tango."

The aw-shucks answer was disarming, and came on a day whose theme was disarmament of another kind. And so at a televised question-and-answer session here and at appearances that began with his arrival Wednesday night, Mr. Clinton tried in folksy, conversational tones to take the edge off anger.

Yes, he said, he knows Montanans are upset about last year's crime bill, which included a ban on assault weapons that was heresy to many voters. But what about those people, he said in rejoinder, "that show up in inner-city emergency rooms

filled with bullets of the kind that ordinary guns don't produce?"

"As president, I have to make laws that fit not only my folks back home in Arkansas and the people in Montana, but the whole of this country," he said. "And the great thing about this country is its diversity, its differences, and trying to harmonize those is our great challenge." (WP)

Gingrich Bids Question

WASHINGTON — Newt Gingrich, the House speaker, says he would change his mind and campaign to become U.S. president in 1996 under certain conditions.

In an interview with Business Week magazine published Friday, he was asked if there were any circumstances under which he would decide to get in the race, he said. "Sure. Seven million people show up Tuesday morning with a draft petition and beg me." (Reuters)

Options on Budget Plan

WASHINGTON — President Clinton has ordered up a broad new budget pack-

age that includes options for a modest health care reform proposal, for possible reduction in "corporate tax subsidies," and a scaling back of his original middle-class tax cut, administration and other Democratic sources said.

The officials said Mr. Clinton ordered them to speed up work on options for a new budget package to reach his desk by mid-June, as Congress returns to engage in a long summer of budget battles.

The officials caution that the president has given only broad direction on what he wants — a balanced budget within 10 years and a way of offering a modest health care reform package as part of cost controls on Medicare and Medicaid. (WP)

Quote / Unquote

Hillary Rodham Clinton, speaking at Brooklyn College commencement exercises about proposed cuts in federal funds for education: "There are those among us who would knock down the ladders of opportunity after they themselves have already reached the top rung." (NYT)

Away From Politics

• AIDS cases are increasing at a much faster rate among gay black and Hispanic men than heterosexual white men, a new study said. The study of men who acquired the virus that causes AIDS through gay sex found that the overall rate increased by 30 percent nationwide between 1989 and 1994. While the rate for white males 13 and older increased 14 percent, it rose 79 percent for blacks and 61 percent for Hispanics, the study for the Centers for Disease Control in Atlanta said.

• A judge awarded custody of a 15-year-old deaf girl to her school interpreter instead of to her father, who had refused to learn sign language. The judge said Sonya Kimmy's parents had neglected her and the girl's father, Norman, had placed "his need to consume alcohol over his child's craving for affection and attention." Sonya said to her interpreter, Joanne Hughes, after the Wilmington, North Carolina, ruling: "I'm saved. You saved my life." (AP)

for allegedly groping a 15-year-old girl on a plane trip from Australia. Authorities in Los Angeles said Israel Grunwald and Yehudah Friedlander, both 44, were arrested when they landed Wednesday. Rabbi Grunwald heads an Orthodox Hasidic congregation in New York City, where Mr. Friedlander is his assistant. said their lawyer, who called the allegations "ridiculous." The girl said one man reached inside her shirt and grabbed her breast, and the other later pushed her hand into her pants. (AP)

AMERICAN TOPICS

N.Y. Airport Railway Dropped as Too Costly

The Port Authority of New York and New Jersey has decided not to build a railway from Manhattan to Kennedy International and La Guardia airports because of rising costs.

The 22-mile (36-kilometer) rail line, at \$5 billion or more, would have been the largest new public works venture in the region in years. Its demise, says The New York Times, reflects the pressures of today, when public spending is a key political concern.

"The full 22-mile plan is dead," said George Martin, the authority's new executive director. "It cannot be. We don't have the resources for it."

Agency planners are studying construction of only one small part of the railway, perhaps from Manhattan to La Guardia. But without the full line, most travelers will be left with the expensive, time-consuming options they have had for years — taxis, buses or driving and parking at the airport for fees that can run \$18 a day.

Short Takes

Although most people say they would never dream of stuffing a pet after it dies, taxidermists say they are swamped with calls from bereaved owners. "It's really increasing in popularity," according to a spokesman for the National Taxidermy Association. However, most taxidermists are reluctant to get embroiled with distraught pet owners. "Usually when people call, the pet has just died and they're really, really upset," said Brian Price, a taxidermist in Vienna, Virginia. "I tell people to put the animal in the freezer and call me back in a couple of weeks." Usually that's the end of it. If not, stuffing a dead pet can be costly, from \$600 for a small cat or dog to several thousand dollars for a Saint Bernard.

Fifty years ago, Byron Nelson, playing out of Fort Worth, Texas, won 11 straight major golf tournaments, a record that has never been approached. The closest



Justin Carroll, 14, concentrating during the final round of the National Spelling Bee. He won on "xanthosis."

any other golfer has come was Jackie Burke Jr., who won four straight in 1952. Mr. Nelson's stroke average for the final rounds, when the heat was on, was a mind-boggling 67.65. Today, at 63, erect and clear-eyed, Mr. Nelson recalls, "The final-round stroke average, that's really the reason why I won as much as I did."

Speaking of anniversaries, the boardwalk at Atlantic City is 125 years old this summer. Lined with souvenir and refreshment stands, with amusements and shopping arcades, it fell on hard times after World War II, and even more when the casinos came along. But the boardwalk, six miles (10 kilometers) long and 60 feet (18 meters) wide, is making a comeback. The Associated Press reports. The pushchairs still roll and Frangler's still makes the saltwater

ter taffy that has dislodged a million fillings. The boardwalk was originally built because restaurateurs and hoteliers grew tired of sand from visitors' shoes finding its way into every nook and cranny.

Chris Galeczka, 13, of metropolitan Detroit, won a \$25,000 college scholarship by finishing first in the National Geography Bee in Washington. The final question was "Pashtu and Dari are the languages of which mountainous, landlocked country in central Asia?" The correct answer was Afghanistan. Justin Tyler Carroll, 14, of Wynne, Arkansas, collected \$8,000 worth of prizes for winning the 68th annual National Spelling Bee by correctly spelling "xanthosis," which means a discoloration of the skin.

International Herald Tribune.

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Serbia Demands New Concessions on Sanctions

By Stephen Kinzer
New York Times Service

BELGRADE — The Serbian president, Slobodan Milosevic, insisted on new concessions Friday before he will sign an accord committing him to step up pressure on Bosnian Serbs.

A U.S. envoy, Robert Frasure, met again with Mr. Milosevic to offer a deal under which crippling United Nations sanctions on Serbian-dominated Yugoslavia would be lifted. In exchange, Mr. Milosevic would be expected to recognize the Muslim-led government of Bosnia-Herzegovina, condemn the hostage-taking by the Bosnian Serbs, and take further steps to seal the border across which Bosnian Serbs are smuggling supplies from Yugoslavia.

Mr. Milosevic has been seeking relief from sanctions since they were imposed three years ago, and has recently been told by his economic advisers that he must achieve that goal soon to

prevent another outbreak of hyperinflation like the one that plagued the country in 1993. Yet, he evidently senses the outside world's desire for a deal, and is calling on his well-honed negotiating skills in an effort to extract the best bargain possible.

According to diplomats in Belgrade, Mr. Milosevic is seeking a permanent lifting of the sanctions rather than the 200-day suspension offered by Mr. Frasure, a deputy assistant secretary of state. He also wants the UN secretary-general, Boutros Boutros Ghali, to be responsible for deciding if Yugoslavia is meeting its commitments under an accord, not the Security Council. Officials in Washington said Wednesday that Mr. Frasure was prepared to offer such a concession.

Mr. Milosevic also wants a commitment that after sanctions are lifted, Yugoslavia will have access to foreign credit. Mr. Frasure is believed to be offering credits, but only if the European Union agrees on providing them.

Finally, Mr. Milosevic is said to be insisting that Yugoslavia be allowed to import as much oil and petroleum as he deems necessary. Western governments are willing to give him access to fuel for factories and civilian vehicles, but are wary of providing a blank check for fear that some of the fuel may be used for military purposes.

In the past, Mr. Milosevic has often made major announcements on weekends in the belief that doing so minimizes the possibility of sudden adverse reactions from the public. Some analysts here have therefore predicted that an accord may be only hours away. But officials close to the talks are more cautious.

The government-controlled press in Belgrade has been preparing people here for a deal. In the past, the press was used to whip up sympathy for the plight of Serbs in battle zones, but in recent weeks it has taken a very different tack.

After the recent Serbian defeat in Western Slavonia, for example, no pictures of destroyed

Serbian homes or sobbing refugees were broadcast here. And when NATO planes bombed Bosnian Serbian arms depots last week, the principal television station led its evening newscasts with a report on murals prepared for the planned Belgrade subway system; it mentioned the raids only briefly.

In a series of public statements, officials close to Mr. Milosevic have taken an increasingly hard line against the Bosnian Serbs and their leader, Radovan Karadzic. In an interview with the German magazine Der Spiegel, released in advance of publication Monday, Foreign Minister Vladislav Jovanovic of Serbia described the hostage-taking by the Bosnian Serbs as "irrational and unacceptable."

"I tell them that they can be paranoid as individuals or allow their families to be destroyed, but they have no right to destroy an entire people," Mr. Jovanovic said. "We are not going to allow a crazy man to prevent a clever man from arranging his international relations."



Radovan Karadzic, the Bosnian Serbian leader, being made up to go on television at his headquarters in Pale. He said Friday he wanted a goodwill gesture for releasing hostages.

EU Focuses on a 'New Europe'

Ministers Meet to Thrash Out a Vision for the Future

By Tom Buerkle
International Herald Tribune

MESSINA, Italy — European Union foreign ministers paid homage to the bloc's past on Friday, but laid out starkly different visions of the future as they kicked off long negotiations aimed at building a Union that will stretch from the Atlantic to the borders of the former Soviet Union.

The ceremonial gathering was overshadowed by the shooting down of an American fighter over Bosnia, which dominated a luncheon meeting of the ministers and underscored Europe's failure to turn its economic union into an equally powerful political force.

Calling the war in the former Yugoslavia "quite unacceptable," Foreign Minister Hervé de Charette of France said it was the Union's "sacred duty" to extend peace and prosperity into Eastern Europe by taking

the formerly Communist countries into the EU fold. He said the challenge would demand the same imagination and boldness shown by foreign ministers of Germany, France, Italy and the Benelux countries when they met in this Sicilian port 40 years ago to lay the foundations for the European Community, the Union's forerunner.

"We have to be the founding fathers of the new Europe," Mr. de Charette said. "Our objective is to have a federal integration of the people of Europe." Work to that end will begin Saturday when personal representatives of the 15 member states, the European Commission and European Parliament begin discussing possible reforms of EU institutions for leaders to consider starting next year.

Deputy Foreign Minister Werner Hoyer pressed Germany's case for deepening political cooperation before extending the Union into Eastern Europe.

He called on national governments to cede considerable veto power and extend majority decision-making into matters of foreign policy, immigration and the fight against international crime.

Foreign Minister Douglas Hurd of Britain indicated that London would resist those efforts, which many in Britain fear would lead to a federal Europe with too much power concentrated in Brussels.

Mr. Hurd was clearly on the defensive as several of the ministers reminded him of his country's skepticism 40 years ago, when the British observer at the first Messina meeting dismissed the ambitions of the six founding nations by saying, "Even if you continue meeting, you will not agree; even if you agree, nothing will result; and even if something results, it will be a disaster."

"The attitude of Britain was patronizing and pessimistic," Mr. Hurd said. "That is not our attitude at the moment."

SERBS: Credibility Is the Major Casualty for UN, North Atlantic Alliance and United States

Continued from Page 1

knew where the threat was coming from. In fact, we could almost hear the tanks. This is no longer the case."

Sources at NATO provide a variety of complicated reasons for the West's inability to work out a coherent and effective response to the explosion of nationalism in the Balkans.

In essence, however, the explanations can be boiled down to two: a lack of consensus in the alliance about the nature of the threat and a lack of American leadership. This in turn has caused a paralysis of political will, which has been skillfully

exploited by the leader of the Bosnian Serbs, Radovan Karadzic.

Another official at NATO said: "During the Cold War, we were willing to risk nuclear war in order to defend Western Europe. What is more, the Russians knew this. Karadzic, on the other hand, does not believe we are really prepared to go to war over Bosnia."

The disagreements among Western governments on how to respond to the crisis go back to Yugoslavia's breakup in 1991, and have never been resolved.

Historically, France and Britain favored the Serbs, large-

ly because they shared a common enemy: Germany and Austria. A similar logic drove the Germans to side with the Catholics, Croats, the Americans, who are new to Balkan politics, have tended to take the side of the people they perceive to be the principal victims: Bosnia's Muslims.

As Western leaders grew increasingly weary of the whole Balkan mess, these traditional alliances lost much their meaning.

But the differences among the Great Powers established an early pattern for the inability of the West to agree on what it was trying to achieve in the former

Yugoslavia, or where its vital interests lay.

"NATO operates by consensus," another Western diplomat said. "When you have a big issue, on which there is no consensus on an acceptable range of outcomes, the alliance mechanism has a great deal of trouble working."

The tactical differences between NATO members were clearly visible during its foreign ministers' meeting this week in the Netherlands, which was billed as yet another display of "Western resolve." The meeting ended with the Americans holding out the prospect of future air strikes, the French opposing

the idea, and the British expressing great reservations.

To a large extent, these differences reflected the differences between the two leading contributors to the UN force on the ground and a country whose military presence in Bosnia has been limited to the air.

"There are three active players in NATO — the British, the French and the Americans — and they have all been following contradictory policies," a NATO diplomat said. "For NATO to work, you need these countries to click together. Unfortunately, they have never been on the same wavelength at the same time."

APOLOGY: Asia-Pacific Nations Wait as Japan Reflects on the Past

Continued from Page 1

ing guilt but also reforming its education system to reflect history fully and ensure that young Japanese learn its lessons.

"We ignore history at our peril," said Paul Keating, Australia's prime minister, the most recent Asia-Pacific head of government to visit Tokyo. "In particular, it will help as Japan seeks acceptance and legitimacy for leadership in the region — a status which is in every practical sense Japan's due."

He said that "on this anniversary of the end of the war in the Pacific, Japan can make a very substantial contribution to the region's future if, as you decide upon the way forward, you also decide to confront the past."

Analysts said that Mr. Keating's comments, in a speech last week at Keio University, one of

Japan's prestigious schools, were particularly significant because they came from a country that has developed close postwar ties with Japan and wants to see a stronger Japanese role in the region.

Through trade, aid and investment, Japan has become the dominant economic power in Asia. Yet its political influence has lagged, and its involvement in Japan did in Asia was wrong and will never be repeated."

He said that such an apology was essential if Japan was to become "more accepted and trusted as a big power in the Asian region."

As China becomes economically stronger and militarily more assertive in Asia, while the relative power of the United States is in decline, some countries in the region worry that Japan may rearm as an inde-

pendent military force to counter China.

On a visit to Tokyo, Lee Kuan Yew, Singapore's senior minister, noted that the Japanese were puzzled that previous apologies by their leaders had not erased the suspicions of neighboring countries.

"The reason is simple: that there has not been an open debate within Japan on its role in the war as there has been in Germany," Mr. Lee said. "And the statements of several prominent rightist Japanese leaders have given cause for fears that many Japanese in fact believe that Japan was a victim, not an aggressor."

He said that when such discordant voices ceased, countries in Asia and the Pacific would "be assured that the Japanese people as a whole understand and empathize with the hopes" of their neighbors.

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ECONOMY: Recession Fears

Continued from Page 1

and declining industrial production. The government reported Friday that new construction rose 0.4 percent in April, the first increase this year. The unemployment rate actually fell from 5.8 percent in April to 5.7 percent, although this was mainly the result of about 900,000 discouraged workers dropping out of the labor force.

And few economists paused over April's 0.6 percent decline in the government's index of leading indicators that was reported Friday, even though this third successive monthly decline was supposed to signal a recession.

What is happening in the industrial sector, said Allen Sinai of Lehman Brothers, is that more aggressively managed factories are reacting far more quickly than they once did to slowing orders, so that there is "a compression in time" of the normal retrenchments producing layoffs.

Audrey Freedman, a consulting labor economist, spotted employment declines in factories producing machines and consumer goods. Jobs in the computer business — the stars of the U.S. economy — barely held their own.

Exports, she said, were failing to respond to the cheaper dollar, and "for the past two months I have smelled Mexico all over these weak employment figures, and I still do."

Mr. Sinai raised his recession risk from 15 percent to only 20 percent, but he said he expected the economy to crawl back from its present "healthy correction" if the present increase in consumer spending of 1 percent doubled to its normal rate of 2 percent, and if capital spending recovered.

"There's always a risk that insecurity about job losses will cumulate," he said.

Curiously, analysts in both New York and London did not find the scenario of below-trend growth bad for the dollar.

John Lipsky of Salomon Brothers said the United States seemed to be leading the current world cycle of a growth pause and would resume moderate expansion, while "growth in Europe will disappoint."

BOSNIA: U.S. Fighter Shot Down, 120 Captives Freed

Continued from Page 1

moment of extreme tension in Bosnia and appeared likely to bring the often divergent American and European perceptions of the war together around the fact that the United States, Britain and France have all been targeted by the Serbs in the past week.

It was unclear, however, whether this extreme Serbian provocation would push allied governments into direct military confrontation with the Bosnian Serbs that they have long sought to avoid.

Throughout the war, the Serbs, who are fighting for land they believe to be theirs, have been prepared to match words with force in the belief that, as their military commander, General Ratko Mladic, said recently, "Borders are drawn in blood."

The Serbs have been able to expose the weakness of a shifting coalition of Western governments who have made endless declarations on Bosnia but never had any desire to sacrifice lives for the Bosnian state they recognized in 1992 and subsequently allowed to be dismembered.

Mr. Karadzic has said he was holding the hostages — whom he calls prisoners of war — as insurance against further NATO attacks. On Wednesday he had threatened a clash "that would resemble a butcher's shop" if Western governments tried to mount a military operation to rescue them.

The response to the taking of the hostages has been massive but irregular, moving Western countries closer to a military involvement in Bosnia that would be extremely difficult to square with United Nations peacekeeping.

Lieutenant Colonel Gary Coward, a spokesman for UN peacekeepers, said Friday that the UN mission was "in limbo

and awaiting a definition of its new mandate."

As part of the Western response to the hostage-taking, the Clinton administration has moved 2,000 Marines aboard an amphibious assault ship called the Kearsage into the Adriatic. The unit is equipped with transport and attack helicopters and Harrier jet fighters.

Britain is moving two battalions of light artillery and a brigade of armored engineers into central Bosnia. Colonel Coward said Friday that this force of about 1,200 men would be in place by next week. It is equipped with twelve 105mm guns, the first artillery the United Nations has brought into Bosnia.

TIME: America's Cultural Culture

Continued from Page 1

and I've got the power... Shoot, shoot, shoot, shoot, shoot. I'm going to come all over you... Me and my (expletive) gun, me and my (expletive) gun."

Mr. Bennett said the directors needed to see the uncensored version and urged newspapers to publish the lyrics.

Mr. Dole, for his part, assailed such films as "Natural Born Killers" and "True Romance" and such groups as Cannibal Corpse, Geto Boys and 2 Live Crew, although his staff acknowledged that he had not seen the films or heard the music.

His remarks set off an angry counterattack from some in the film and music industries.

"Nine Inch Nails is a Grammy Award-winning, critically acclaimed artist who millions of people love," said Danny Goldberg, chairman of Warner Bros. Records.

"Why should a corporation listen to a bunch of middle-aged people who don't like the music and don't listen to it, and ignore the people who do love it and who do buy it? When you were a teenager, did 50-year-old people like the same music you liked?"

"It is the height of hypocrisy for Senator Dole, who wants to repeal the assault weapons ban,

to blame Hollywood for the violence in our society," said Oliver Stone, director of "Natural Born Killers." "Hollywood did not create the problem of violence in America."

Clive Barker, an author of horror books who has made his own "Hellraiser" stories into movies, said: "I'm not going to defend some piece of sleazy, summary entertainment that's just done to make money. But if an artist wants to deal with violence or sexuality or images of darkness and horror, those are legitimate subjects for artists."

Timothy White, editor in chief of Billboard, said that while his music industry magazine had denounced some of the records, "for a politician to come along and start to criticize these things and admit he hasn't watched or heard them is fundamentally dishonest."

For Time Warner, the dilemma is an increasingly familiar one. It was Time Warner that was behind the rap group 2 Live Crew, whose 1990 conviction for obscene lyrics was overturned on appeal. It was Time Warner that produced the rapper Ice-T, whose song "Cop Killer" triggered a furious protest in 1992. It was Time Warner that published Madonna's sexually explicit pictorial book, "Sex." It was Time Warner that distributed "The Jenny Jones Show," which came under fire when a guest was charged with shooting a homosexual admirer with whom he was confronted on the program.

The stakes are considerable. Time Warner's top-selling music division holds about 25 percent of a \$12 billion domestic market. Its labels include the flagship Warner Bros. as well as Atlantic and Elektra. What's more, music provided \$4 billion of Time Warner's \$16 billion in revenues last year.

"We've searched for him for years all by ourselves," Mr. Neumann said. "He's a German citizen, and we feel responsible for trying him."

Warrants for Mr. Weinrich's arrest charge him in a 1975 attack on a jetliner in Paris, a 1981 bombing at Radio Free Europe in Munich, a 1983 bombing in Athens and the bombing that year of the French cultural center in West Berlin.

A 1991 warrant for Mr. Weinrich's arrest stemmed from information in the files of the dissolved East German secret police, who at times sheltered Carlos and his men. Mr. Neumann said.

(AP, AFP)

CHINA: Catholics Flourish in the Underground Despite Beijing's Pressure

Continued from Page 1

thumb of the Chinese Communist Party, which has sought to supplant the church with the official Catholic Patriotic Association, an organization whose first loyalty is to Beijing and the party.

Despite Beijing's efforts, there are about 400 underground priests and about 20 bishops loyal to the Vatican in China, church sources estimate. Major pilgrimages take place both here in Dong Lu and on a hilltop outside Shanghai. Private companies help finance the unofficial church and hold meetings to spread the Vatican's teachings. Itinerant missionaries visit rural villages. In some villages in the Tianjin area, up to 90 percent of the people, including party members, reportedly are Catholics.

Various estimates place the number of Catholics in China at from 6 million to 12 million, far more than the number when the Communists took power in 1949. Even the higher figure would be only about 1 percent of the Chinese population; nonetheless, the survival of Chinese Catholicism carries an important message about the state of China today after 17 years of economic change under Deng Xiaoping, the senior leader.

"When the reforms came along, people strived for material improvement because they were very poor," said a high-ranking leader of the unofficial Catholic Church in China. "People chased after money. For the past few years, economic conditions improved a lot, yet that cannot satisfy people's spiritual needs. People felt a void

inside and have had to seek satisfaction elsewhere."

The official added: "If a person has no religious beliefs, he can't be a moral person. If he's not a moral person, he cannot live in a moral society."

The flourishing of the underground church also shows the limits of Communist Party power. Forty-five years of atheist government has not wiped out people's faith. As an elderly Catholic woman said outside a state-run church and seminary in Chengdu after proudly showing off a photo of Pope John Paul II, "What can they do to me that they haven't done already?"

Catholics loyal to the Vatican have lived in danger ever since the Communist takeover. Initially, the Communists cut off foreign funds to the Catholic Church. The party then set up the Catholic Patriotic Association, which is now under the United Front Work Department, a party agency charged with controlling nongovernmental organizations.

In 1955, Bishop Ignatius Gong Pinmei of Shanghai, appointed by the Vatican in 1949, refused to cooperate in setting up the Catholic Patriotic Association. He was charged with espionage and sentenced to life in prison in 1956. Paroled in 1985 and elevated to cardinal in 1991, he is 92 and lives in a Connecticut rest home.

In 1957, the final rift with the Vatican took place when the Catholic Patriotic Association named a bishop without Rome's consent.

Many Catholics were persecuted in the anti-rightist campaign that year and the next. A priest in the unofficial church said that he was branded part of a "counter-revo-

lutionary group" put under house arrest for eight months, then sent to a labor camp to work in a plastics factory. For four years he said Mass by himself every day in his room.

During the 1966-76 Cultural Revolution, even priests who had collaborated with the Communists suffered for their religion. Many churches were destroyed along with other ancient buildings and artifacts.

Under Mr. Deng, a new chapter began. The Catholic Patriotic Association was allowed to rebuild churches and reopen six seminaries to train new priests. In the 1980s, Nanjing Seminary theorists argued that religion could be compatible with socialism and that unofficial church congregations could also be patriotic. Government think-tank theorists said in background interviews last year that religion and socialism share the goal of improving people's lives.

But the Chinese government continues to enforce its own commandment against questioning the ultimate authority of the Communist Party. Dozens of clergymen who have violated that rule have gone to jail.

One activist in the unofficial church recalls the moment he parted with the Communist-run establishment. After six years of seminary training, he was asked to sign a statement pledging loyalty to the Catholic Patriotic Association. Instead, he declared that the Chinese church was independent under the leadership of the Pope. Told to change his essay, he wrote, "under the leadership of the sons of Peter." He was not allowed to graduate.

Backs Vow UN Troops

Rabin Confident on Golan Plan

Prime Minister Sees Israelis Backing Pullout

JERUSALEM — Prime Minister Yitzhak Rabin says he believes most Israelis will support a withdrawal from the Golan Heights in exchange for peace with Syria even though opinion polls show they oppose a pullout.

"I am not worried," Mr. Rabin said in an interview published by the newspaper Ma'ariv on Friday. "This is a tough struggle, but I believe the people want peace."

Peace talks between Syria and Israel are stalled over the issue of the Golan Heights, which Israel seized in the 1967 Middle East War.

Damascus wants a full Israeli withdrawal, but Mr. Rabin stressed that the final pull-back line had to be negotiated.

A poll by the newspaper Yedioth Ahronoth showed that 58 percent of the 501 Israelis surveyed opposed a total withdrawal in return for

peace with Syria and appropriate security arrangements. It said 29 percent backed such a deal.

"Even today, when everything is still hypothetical," Mr. Rabin said, "the situation is not bad. If they tell me that 55 to 58 percent are opposed, in a situation in which the sort of peace is still not known — the timetable, the security arrangements — that seems to me a reasonable situation."

On Thursday night, President Hafez Assad of Syria ruled out high-level talks with Israel and said meetings between ambassadors in Washington were an appropriate forum.

Speaking in Damascus after meeting with President Hosni Mubarak of Egypt, Mr. Assad said: "Peace is peace whether it came through an ambassador, a president of state or a foreign minister."

Austria Sets Up Nazi Victims' Fund

In a Step to Make Amends for War

VIENNA — Fifty years after the end of World War II, Austria has taken a step toward confronting its wartime past by creating a 500 million schilling fund for Nazi victims.

Parliament passed legislation creating the \$50 million fund Thursday night, and lawmakers said it showed that Austrians were finally facing up to a chapter of their history many have been trying to forget.

Deputies from most political parties, including the far right, backed the government bill to establish the fund for some 30,000 people who were thrown into concentration camps because they were Jews, Communists or homosexuals and for those who fled into exile.

"This is recognition that Austrians participated in the crimes of National Socialism," said Peter Kostelka, parliamentary whip for the governing Social Democrats.

Volker Kier, a Liberal Forum member of Parliament, said "this law is 50 years overdue."

Paul Grosz, leader of Austria's Jewish community, said the fund could help "solve the problem." But he complained that individual victims do not yet know how much compensation they can receive, and those who live abroad have not been told how to inquire about it.

He said the fund's regulations are "extremely difficult for the victims to deal with."

The leftist Greens, who branded the 50-year delay a national disgrace, voted against the bill, arguing that the money being offered was a pittance.

The Greens had demanded that the government make 1.5 billion schillings (\$150 million) available over five years.

About 200,000 Austrian Jews fled the Nazis or perished in concentration camps. Nazi Germany annexed Austria on March 13, 1938.

Only a few hundred of the 300,000 Jews living in Vienna before 1938 survived until Soviet troops captured the city in April 1945.

After the war, many Austrians chose to see themselves as the first victims of Nazism. They suppressed memories of the masses who cheered German troops marching into Austria, of Jews who died in the Holocaust, of Austrians who zealously took up arms and of others who were responsible for Nazi atrocities.

Under the law, compensation would go to people who were persecuted on grounds of race, religion, nationality, sexual orientation or health.

Recipients must have lived in Austria before the annexation or have been forced to flee earlier, or be children of people sent to concentration camps.

Austria already had programs for compensating Nazi victims, but it was hard to qualify. The fund is intended to improve that. (AP, Reuters)



DRAGON BOAT TIME IN HONG KONG — Competitors in the annual dragon boat races in Hong Kong paddling furiously Friday. Dozens of boats race each year.

BRIEFLY ASIA

UN Women's Conference Faces Many Agenda Rifts

NEW DELHI — United Nations officials said Friday that some of the nations taking part in the Fourth World Conference on Women objected bitterly to portions of the draft agenda, but that they expected to reach a consensus.

"A consensus has not been reached on 45, maybe 40 percent of the document," Patricia Licuanan, who is leading the UN Commission on the Status of Women, said at a news conference. The Fourth World Conference on Women will be held in Beijing in September, with 185 nations taking part.

The disputes revolve around religious and cultural, economic and political issues, she said.

"First, we have religious and cultural areas, or the religious fundamentalists versus the secular," Ms. Licuanan said. Sections on reproductive health and rights, family values, and the use of words like "gender" and "feminist" were contentious.

"Then, there are economic issues, where developing and developed countries disagree on poverty, economic growth, foreign debt, aid and sustainable development," she said.

"And there are political issues — conflicts between the more authoritarian and more pluralistic states," she said.

Progress Foreseen on Timor

STADTSCHLAINING, Austria — A key delegate to talks between Indonesia and East Timor said Friday that they would not mose more activists said Friday that they would not resolve the 20-year dispute over the territory but could improve relations between the two sides.

Lopes da Cruz, the Jakarta-backed ambassador at large for East Timor, said he hoped that four days of UN-sponsored talks, which begin here Saturday, could improve ties, in particular over economic and cultural issues.

"It's quite a historic meeting," he said. "It's the first time all the parties are meeting," he said after arriving in Stadtschlaining, 140 kilometers (90 miles) south of Vienna.

"If we can create a spirit of dialogue we can try to go for reconciliation," he added. "It will be successful if we can create a climate of understanding."

Indonesia invaded the former Portuguese colony of East Timor in 1975 and annexed it a year later. The UN does not recognize Indonesian sovereignty over the territory. (Reuters)

4 Manila Officers Quit

MANILA (AP) — Three police generals and a colonel implicated in the alleged summary slayings of 11 accused robbers have resigned after murder charges were filed against them. Brigadier General Panfilo Lacson, task force commander of police units working for the Presidential Anti-Crime Commission, told a Senate committee Friday that he was resigning his post after the hearing.

General Lacson, a highly decorated officer, refused to answer the Senate committee's questions about the May 18 slaying of the accused robbers.

He and the other officers reported that the 11 were killed in a gun battle with investigators while trying to escape.

But Sergeant Eduardo de los Santos, who was with the officers, later said the 11 were summarily executed after they had been arrested. A second policeman supported his claim. (AP)

For the Record

A swimmer was killed by a shark off a Hong Kong beach Friday in the second death from a suspected shark attack in three days, the police reported. They said the latest victim was a 29-year-old man.

On Thursday, the body of Tso Kam-sun, 44, a teacher who represented Hong Kong in the 1970 Asian Games in swimming, was found off Sai-kung beach. (AP)

The United States and North Korea failed to break an impasse over their stalled nuclear accord Friday, the two sides said in separate statements in Kuala Lumpur. (Reuters)

At least 37 people were killed and 76 injured when a passenger train collided with a freight train in eastern India, the Railway Ministry said in New Delhi on Friday. They died when the Jammu-Tawi express collided with a freight train near Kalubathan station on the border of the eastern states of Bihar and West Bengal. (Reuters)

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Oxford, September 20-22 | ■ OIL & MONEY
London, November 2-3 |
| ■ THE PHILIPPINE SUMMIT
Manila, September 27-28 | ■ MERCOSUR: INVESTING IN INFRASTRUCTURE
Brazil, November 27-28 |
| ■ THE NEW FRANCE:
IMPLICATIONS FOR GLOBAL BUSINESS
Paris, October 16-17 | ■ THE MALAYSIA SUMMIT
Kuala Lumpur, November 29-30 |
| ■ THE UNITED GERMANY:
IMPACT ON BUSINESS & THE ECONOMY.
Berlin, October 19 | ■ GLOBAL FUND MANAGEMENT
Singapore, December 4-5 |
| | ■ GULF INVESTMENT SUMMIT
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THE WORLD'S DAILY NEWSPAPER

ART

Gauguin's Appeal to the Russian Avant-Garde

By Roderick Conway Morris
International Herald Tribune

FERRARA, Italy — Gauguin achieved critical success in his lifetime, but never reaped the financial rewards. His first trip to Tahiti (1891-93) convincingly proved the unique qualities of his genius — but at his homecoming exhibition only 11 of the 44 canvases found buyers.

Two years later, after only 9 out of 47 pictures sold at another show, he returned to Polynesia, produced the remaining series of paintings that were to confirm him as one of the great artists of all time, and died in the Marquesas Islands, disillusioned and in dire poverty, in 1903.

Unknown to Gauguin in his remote Pacific isolation, while buyers in western Europe remained reluctant to invest in his paintings even at the modest prices at which they were then offered, an immensely wealthy Moscow collector, Mikhail Morozov, had become an ardent admirer of his work, soon to be joined by his brother Ivan and another connoisseur, Sergei Shchukin. Such was the enthusiasm of these three that, within less than a decade, they made Russia an unparalleled depository of the artist's work.

The story of this flurry of Russian interest in Gauguin and the consequent impact it had on the country's own artists is the subject of a very attractive and instructive show, "Paul Gauguin and the Russian Avant-Garde," featuring a dozen superb Gauguin canvases, most of which have never been loaned before, as well as bronzes, woodcuts, drawings and Russian works, at the Palazzo dei Diamanti (until 2 July).

Sensitively the exhibition catalogue, with its excellent introductory essay by Albert Kostenevich of the Hermitage in St. Petersburg, contains sumptuous illustrations of all the Rus-

sian Gauguins (many of which are little known in the West), including those that were deemed too fragile to travel to Italy.

Both the Morozovs and Shchukin fortunes came from textiles, which the former family manufactured and the latter were traders in.

Varvara Aleksivna Morozov, mother of Mikhail and Ivan, was a strong-willed, progressive, free-thinking blue-stockings, but her liberated ideas seem to have produced a contrary reaction in her sons, who espoused deeply conservative views. Mikhail Morozov (1870-1903) was a flamboyant, larger-than-life figure, a writer of articles, history and novels, and a bon vivant who once lost a million rubles in a single night at cards. Through generous donations Mikhail managed to have himself elected to the Synod of the Kremlin's Assumption Cathedral (and, having achieved his aim of annoying his mother, he resigned shortly after).

A REACTIONARY in politics, Mikhail was the reverse when it came to collecting contemporary art. Having bought Manet, Renoir, Degas and Monet, he took a strong fancy to Gauguin's work, and in 1900-01 became the first non-French purchaser of the artist's canvases. Triumphant bearing "Tarari Maruru" (Landscape with Two Goats) and "Te Vaa" (The Canoe or Tahitian Family) back from Paris, Mikhail reveled in the idea of "astounding all Moscow" with them.

After Mikhail's premature death in 1903, his younger brother Ivan (1871-1921) followed in his footsteps, acquiring Impressionist works. And, though an infinitely more sober and cautious character, Ivan fell equally under Gauguin's spell. In 1907 alone he bought eight of his canvases, and

the following year "Café at Arles," from the artist's brief and tempestuous stay there with van Gogh in 1888, the first of Gauguin's non-Tahitian works to come to Russia.

Meanwhile, Shchukin was taking an interest in Gauguin, buying his first canvas in 1903. A vegetarian of simple habits, who preferred to walk rather than use a carriage, Shchukin had begun collecting in the 1890s. The first to introduce Monet and Cézanne to Russia, he was a more naturally-gifted connoisseur than the Morozov brothers. As Matisse later recalled, comparing Shchukin and Ivan Morozov's visits to a Paris dealer: "When Ivan Morozov went to Ambroise Vollard, he used to say: 'I'd like to see a really lovely Cézanne...' Shchukin would ask to see all the Cézannes and make his own choice."

Shchukin eventually bought 16 Gauguins, paying 100,000 francs for one canvas, for which, earlier in the same year, shortly before Gauguin's death, the artist had been offered a mere 1,100 francs. Shchukin daringly decided to display his entire Gauguin collection on one wall of his palatial dining room — "the pictures so close together that it was impossible to tell where one ended and another began."

This extraordinary arrangement, dubbed the "iconostasis," became one of the principal attractions of the house, which was open every Sunday so that the public could enjoy the collection. The Shchukin "iconostasis" points up one of the possible reasons for Gauguin's special appeal to the Russians. The sheer exotism of the Tahitian pictures was certainly part of their attraction, but the artist's rich, warm palette, his strongly delineated human forms and the yellow-gold backgrounds suggestive of Paradise — all key elements in Eastern Orthodox art — also, perhaps, struck a deep, if not fully conscious, chord.



Paul Gauguin's "The Idol," painted in 1898.

As the second part of the show reveals, the sudden influx of so many Gauguins had an immediate and forceful influence on a number of young Russian artists. Particularly impressive is the manner in which some of them, though clearly inspired by the French artist, managed to absorb his lessons and still produce works very much their own.

Natalya Goncharova (1881-1962), for example, took up Gauguin's Tahitian fruit-picking scenes, with their underlying symbolism of the Garden of Eden, innocence and sin, and produced between 1907 and 1909 a charming set of four pictures "Gathering the Fruit," where, despite the bold outlines and bright, blocked-in colors, the Russian peasants' body gestures while at work are captured with considerable subtlety. And Mikhail Larionov (1881-1964) echoed, but thoroughly domes-

ticated, Gauguin's still-lives and rustic backdrops in his "Window, Tiraspol" of 1909.

It was the Morozov and Shchukin families' ultimate intention to bequeath their collections to the nation, but their plans were overtaken by Bolshevik expropriation (and the great contribution they had made was deliberately obscured). During the 1930s the collections began to be divided between the Hermitage and the Pushkin Museum in Moscow, a process completed after World War II. Meanwhile, judged politically incorrect during the Cold War, Gauguin's canvases were long withheld from public view. This is only in more recent years that the Russian public has been able to rediscover the richness, both in quality and quantity, of their legacy of this marvellous artist's work.

An Artist Takes Vietnam to the West and Back Again

By Carey Zesiger

HO CHI MINH CITY — "It moves. It's alive. It's not a still life. It's a life. Merveilles de la Mer," everything which is not human, but lives. The important thing is that it lives."

With her gray hair pulled back in a ponytail and wide, flashing eyes, Diem Phung Thi launches into an animated explanation to a young French visitor at a recent exhibition of her sculptures and collages in Ho Chi Minh City. At age 75 — with the mercury hovering at 35 degrees centigrade (95 degrees Fahrenheit) in the shade — she seems unstoppable.

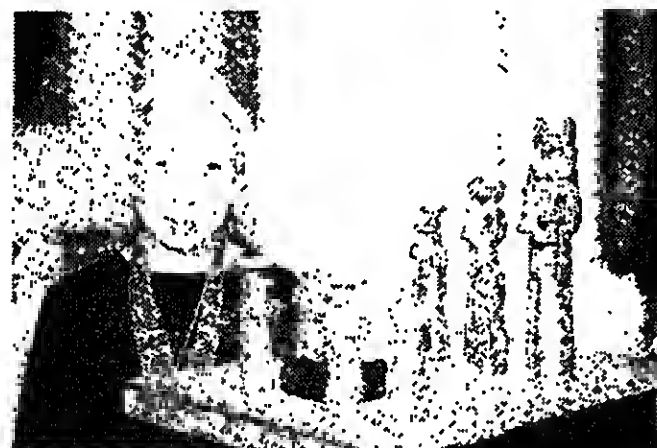
The Frenchman admires the seated Buddha she wears on a heavy chain around her neck, part of a series of jewelry designs she has on display. "You should wear it on you like a prayer," she advises. "In the old days the Vietnamese, like the Chinese, used to write things on little pieces of paper

and fold them up into tiny little packets which they carried against bad luck," she explains. "That is my sculpture. It is going to guard against bad luck."

Life has brought her a healthy dose of luck, both good and bad. She was paralyzed in 1948 after receiving an injection of Vitamin C and airlifted to France for treatment. She stayed on to study dentistry, but found her calling in sculpture some 20 years later when she took a few classes in applied art. "I've had several lives," she says. "One is richer than the way."

Even with her philosophical outlook, such varied lives are not always easy to reconcile. "I live in France, but I am Vietnamese and the feel of being Vietnamese is even more accentuated abroad than at home."

In the art world too, cultural differences can be vast and difficult to bridge. In the West she can fit herself into a tradition of modern and contemporary artists, drawing inspiration from diverse sources and fusing them into her personal expression. But Vietnam's art world cannot



Diem Phung Thi showing some of her sculptures.

accommodate her so easily. In a country where the artist's role, until quite recently, has been to support the Party and its struggles against foreign aggressors, her strident individualism sounds a virtual call to arms. Her art is about playful experimentation, building meaning out of simple shapes by repeating them

over and over like characters from a personal alphabet. "Sometimes people complain they don't understand, they don't know what to make of me, but they feel something, something of Vietnam, of the past," she says.

Ironically, she became one of the first Western artists to show

her work in postwar Vietnam, in 1978. She happened to be exhibiting her work in Saint-Etienne when Prime Minister Pham Van Dong arrived in France on an official visit in 1977. Thinking the exhibit had been staged in his honor, he issued invited her to bring her work to Hanoi. She says she "jumped at the opportunity," making arrangements for an exhibition through the state Artists' Association. They offered her a sleepy little museum that rarely received a dozen visitors a day. She filled it with an eclectic assortment of sculptures and suddenly it was swamped. The parking attendant counted six or seven hundred bicycles a day.

"I was a big splash," she recalls, "because the country was not open yet. It had never been done. There were no foreign things here and I displayed works that were completely foreign. At the time, Vietnamese art was exclusively Socialist Realism and I came along with something different and everyone was intrigued to see it."

Even today as the arts in Vietnam become freer and more open to influences from outside, Diem still feels somewhat out of place. She has established an art foundation and

museum in Hue to exhibit some of her own works and conduct tours and workshops aimed at encouraging creativity in young artists and school children. Still, she feels she is engaged in an uphill struggle.

"Art in Vietnam is very structured," she explains. "A sculptor here has to spend a lot of time to earn a diploma and in this country whatever does not have a diploma does not have any value."

As Vietnam opens its doors wider to foreign investment and sets its sights on development and modernization, Diem has begun to look back to the simpler things in life. "There are people who speak of history and others who think only of modernity," she says. "This is the modern world," she says with a note of exasperation. "I think this country will become like the developed nations, and I think this is truly, truly a shame because the Vietnamese are a very poetic people, a very romantic people, but people skip over this. Because to be a true romantic is to be of the 19th century and here they are preparing for the 21st century."

Carey Zesiger is a journalist who writes about Asia.

Windsor Castle On Mend, After Controversy

By Peter Watson
New York Times Service

LONDON — Windsor Castle is probably the most beautiful and best-known asset Britain's royal family possesses. So, when the building was disfigured by fire, in November 1992, people everywhere were touched by the accident.

Now, two and a half years later, Windsor Castle is on the mend. All the damaged rooms are scheduled to be finished by the spring of 1998. The restoration should have been one of the most interesting architectural projects in the whole country.

When the plans were recently announced for the new designs at Windsor Castle, there were groans and yelps from the modernists. The plans approved by the palace were denounced as "ghastly," "suburban" and "a Gothic shocker."

Roderick Graddidge, a modernist architect, even produced radical plans for striking new structures at Windsor Castle using glass and other modern materials. These would have had a similar visual effect on the building that L.M. Pei's glass pyramid has had on the Louvre in Paris. And would have proved equally controversial.

The fire was caused when either an arc light or a transformer belonging to workmen doing ordinary refurbishments set fire to a curtain.

EARLIER this year the final plans for the new rooms, worked out between the winning firm, Sidiell Gibson, and the Prince Charles's design committee, were revealed. Modernist architects despaired that the designs were not more radical.

Whether you regard the solution as a surprise, as sympathetic to the rest of Windsor Castle, as suburban or as "something else" — all words used to describe the decision — almost certainly depends on where you stand on modern architecture.

Modern architecture is, as we say, not everyone's cup of tea in Britain. More important, it is not Prince Charles's cup of tea. It was he who described a proposed addition to the National Gallery in Trafalgar Square as "a carbuncle on the face of the nation."

His view prevailed and the extension was redesigned before it was built. Since Prince Charles is chairman of the committee that chose the winning architects and had great influence over the finished designs, it is scarcely surprising that those designs have disappointed the modernists.

And yet Giles Downes, the bearded, soft-spoken partner of Sidiell Gibson, disputes the suggestion that his designs are not modern. They are not modernist maybe, but, he says, they are very up-to-date.

The company suggested three things: widespread use of the ogive, or Gothic arch, and Gothic geometry, the use of medieval allegory and symbolism for the proportions and decoration of the new rooms and the use of natural materials — especially timber — rather than modern or industrial synthetics.

A good example of the use of Gothic ideas is seen in the most striking of the three new structures that Sidiell Gibson is building: the octagonal antechamber, partly on the site of the old private chapel, between St. George's Hall and the Crimson Drawing Room. Its very shape, an octagon, is a medieval symbol of man.

The centerpiece of this octagon is a timber umbrella made of eight oak columns, each supporting a fan of 25 ribs of oak in the form of giant leaves, also arranged according to medieval geometry.

THE floor of the octagon will be inlaid timber of different colors again arranged according to medieval number symbolism but this time all related to the Order of the Garter.

Thus there will be 26 small octagons set within an eight-pointed star. The 26 octagons refer to the 26 Knights of the Garter, with the eight-pointed star being the badge of the Garter and the symbol of the material world. The octagon will house paintings from the royal collection.

The new private chapel, replacing the old Holbein Room, which held the artist's royal portraits, will have as its chief feature a Gothic vaulted ceiling, each vault formed as if from angels' wings. These will be fashioned of steam-bent ash rather in the manner that rowboat arcs are made.

This is perhaps the most risky of the new structures. It could look striking. It might resemble a chapel in Euro Disney.

Peter Watson, author of "From Monet to Manthorn: The Rise of the Modern Art Market," wrote this for The New York Times.

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Tuesday, June 13, 1995

Salon "Vendôme" at 8 p.m. — FROM A PRIVATE PROPERTY. FINE 17th, 18th, 19th Cent. FURNITURE AND OBJETS D'ART. Experts: M.M. O. Le Pail and R. de l'Espey, M.J.P. Dille, M.G. Dille, M.J. Saint-Bris. On view: Hotel George V (Salon "Vendôme"), Saturday, June 10, from 2 p.m. to 8 p.m. Sunday, June 11, from 11 a.m. to 6 p.m. Monday, June 12, from 11 a.m. to 8 p.m. Please contact: Catherine Yalche (tel. 321) Etude TAJAN, 37, rue des Mathurins, 75008 PARIS. Tel: (1) 53 30 30 30 - Fax: (1) 53 30 30 31.

Salon "Vendôme" at 8 p.m. — IMPORTANT 17th and 18th Cent. PAINTINGS AND SCLPTURES FROM Rene de Montaleu, Mrs. A. ESTATES AND OTHER COLLECTORS. Experts: Cabinet d'Expertises Camard, MM. A. Pautin and A. de Louvaincourt, Mrs. M.A. Prat, M.F. Pautin. On view: Hotel George V (Salon "La Paix"), Saturday, June 10, from 2 p.m. to 8 p.m. Sunday, June 11, from 11 a.m. to 6 p.m. Monday, June 12, from 11 a.m. to 8 p.m. Please contact: Catherine Yalche (tel. 321) Etude TAJAN, 37, rue des Mathurins, 75008 PARIS. Tel: (1) 53 30 30 30 - Fax: (1) 53 30 30 31.

Wednesday, June 14, 1995

Salon "La Paix" at 8 p.m. — IMPORTANT GROUP OF PORCELAIN OF MOUTERS — 18th Cent. EUROPEAN AND FRENCH PORCELAIN. Expert: M.J. Lefebvre. On view: Hotel George V (Salon "Vendôme"), Saturday, June 10, from 2 p.m. to 8 p.m. Sunday, June 11, from 11 a.m. to 6 p.m. Monday, June 12, from 11 a.m. to 8 p.m. Please contact: Catherine Yalche (tel. 321) Etude TAJAN, 37, rue des Mathurins, 75008 PARIS. Tel: (1) 53 30 30 30 - Fax: (1) 53 30 30 31.

Friday, June 16, 1995

Salon "La Paix" at 8 p.m. — IMPORTANT 17th to 18th Cent. FRENCH ANTIQUITIES. Expert: M.E. Turquin. On view: Hotel George V (Salon "La Paix"), Saturday, June 10, from 2 p.m. to 8 p.m. Sunday, June 11, from 11 a.m. to 6 p.m. Monday, June 12, from 11 a.m. to 8 p.m. Please contact: Catherine Yalche (tel. 321) Etude TAJAN, 37, rue des Mathurins, 75008 PARIS. Tel: (1) 53 30 30 30 - Fax: (1) 53 30 30 31.

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1939: The Lost World of the Fair

By David Gelernter. Illustrated. 418 pages. \$22. Free Press.

Reviewed by Christopher Lehmann-Haupt

CONSIDERING that the 1939 New York World's Fair envisioned a future of cars, superhighways and technological triumph, one can understand why a contemporary observer might not look back at the event with feelings of nostalgia.

Yet that is exactly what David Gelernter does in his new book, "1939: The Lost World of the Fair," which is part fiction, part history, part sociology and part prophecy.

He argues that in certain respects the time of the fair was a better one than today and that part of what we have lost in the meantime is the vision that inspired the fair.

What we have lost, he writes, is the optimism that the fair embodied, even at a time when

the American economy had barely started up again and Europe was facing catastrophe.

As the fictional Hattie Levine puts it in an imagined interview with the narrator: "The fair had a remarkable mood and feel to it. At least for me. It was an air of... I don't want to lapse into rosy romanticism. I'm skeptical of it. But what I want to say is, acute hope."

The fictional parts of "1939" are a surprise coming from Gelernter, a professor of computer science at Yale and the author of two previous books, "Mirror Worlds: Or the Day Software Puts the Universe in a Shoebox," and "The Muse in the Machine."

They are built out of conversations with Mrs. Levine, who is obviously a composite of actual people who recall the fair, and out of selections from a diary the author invents for her.

The novel within "1939" serves the useful purpose of giving us a spectator's view of a day at the fair, from a ride through General Motors' Futurama, one of the fair's great hits, to a parachute jump on the machine that today stands unused at Coney Island.

Gelernter's points are also far better made in the nonfiction parts of his book. Here he argues

that the technological vision that informed the fair amounted to a "civic religion" that "made eschatological predictions: It promised a utopian future to believers, in the end of days."

The author continues: "And then an amazing thing happened — a thing without parallel, so far as I know, in the whole history of religion: In the years following the Second World War, those utopian promises came true."

Americans got the cars, the highways and the suburban homes equipped with gadgetry that the fair promised, the author contends. "It's not utopia, we point out, it's just suburbia," writes Gelernter, imagining a dialogue between today and 1939. "But that is what we longed for, says 1939, and you have got it. Promise made, promise kept."

Yet having achieved the dream, the author says, Having entered the future, they lost a view of the future. This explains why in a better time, we feel worse. "Religion is above all a matter of seeing," he adds. "Today, by dint of achieving the utopian future, we have lost our faith and see nothing."

Christopher Lehmann-Haupt is on the staff of The New York Times.

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A 2d Generation Unraveling Enigmas of Thai Art History

BALTIMORE — In one big swoop, one of America's foremost museums, the Walters Art Gallery, has firmly placed itself on the map as the center for Thai art studies outside Thailand.

A temporary display, on view until Aug. 20, is giving Baltimoreans an idea of the scale of the donation made by the Breezewood Foundation to honor the memory of

SOURIN MELIKIAN

Alexander B. Griswold, the Baltimore scholar who became a towering figure in Thai art studies following years of passionate collecting.

Griswold, who was educated at Princeton, came from the Baltimore family that founded Alex. Brown & Sons, the oldest banking firm in America. The banker stumbled upon Thai art by accident at the age of 38. This might never have happened had he not been an army officer attached to the OSS, who was parachuted into Bangkok in August 1945. Within a year, he was buying his first Thai sculptures and, after being released from his military duties, he kept going back and forth between the United States and Bangkok, where he maintained a palatial residence.

The financier was impressed by the sacred images, the Buddhist ritual and the whole way of life in this corner of the Far East — so impressed that, in 1948, he decided to devote all his time to Asian studies. Hiram W. Woodward Jr., curator of Asian art at the Walters Art Gallery, said in an interview that Griswold's book "Dated Buddha Images of Northern Siam" remains the reference work on the Lan Na school of sculpture, which flourished in the 15th century.

Griswold was no ordinary academic or collector. His art board, which he kept in a wing of his home at Breezewood near Monkton in Baltimore County, was opened to the public in 1956. The year after, he set up the Breezewood Foundation to support Thai studies, and over time, transferred the entirety of his collection to the foundation.

Each year, Griswold held a three-day seminar at his home open to Thai art students and took them to the Thai wing, which he called "the Museum." The

banker became a visiting professor at Cornell University. He stood out as the grand master of Thai art history in the West. But the driving force was his love of the art, not pedantry. Had he not been overtaken by illness, Griswold would almost certainly have given his hoard away to a museum as the foundation effectively did on his behalf in 1992, one year after he died.

The beneficiary, however, need not have been the Walters. While in full possession of his means, Griswold made important art donations both to the Walters Art Gallery and to the Cornell University Museum. The factor that probably tilted the foundation's decision was the presence of Woodward at the Walters as a curator of Asian art. His own love affair with Thai culture reads like a replay of Griswold's, one generation later. He too was parachuted, if only metaphorically, into Thai art.

Having decided after his undergraduate years at Harvard to join the Peace Corps and learned that his assignment was Thailand, the young Baltimorean went to see Griswold in 1962. As with Griswold, exposure to Thai culture, from 1963 to 1966, marked Woodward for life. He learned the language, came back to engage in formal Thai studies, and in turn became the leading Western scholar in Thai art history — which, for now, remains one long succession of enigmas.

HOW the Thai speakers came to leave southern China from about the year 1000 A.D., or why, has yet to be explained. The details of their intermingling with the Mon-speaking natives or the Khmers of the eastern districts escape us. Of the penetration of Buddhism and Hinduism, which probably started in the sixth century A.D., little is known except for the art. The great place seems to have been the Mon-speaking kingdom of Dvaravati in Central Thailand. A Chinese source says it paid tribute to China in 638 and two silver coins have confirmed the Sanskrit form of the name. Samuel Beal first reconstructed it hypothetically in 1884 from the Chinese form "To-lo-po-ti."

Sculpture suggests a high level of sophistication. A remarkable headless figure of a standing Buddha dating from the seventh or the eighth century A.D. offers a

curious blend of archaic elongation and mannerist grace in its swaying movement.

Another standing Buddha of the same period, broken below the waist, shows how close the conventions were to their Indian source and how utterly different their aesthetic handling could be. With its expression of serene concentration, eyes cast down, lips ever so slightly parted, the Buddha belongs to a different world.

PILGRIMS carrying devotional figures played a significant role in the transmission of styles. A fine bronze figure of a seated Buddha resembles eighth-century sculpture from Bengal under the Pala dynasty. But, Woodward said, the inscription incised on the back in the Nagari script betrays the scribe's lack of familiarity with it, possibly pointing to local execution. A 16th-century replacement for the broken base was cast as a sign of respect for the icon when it was found in some cache.

Another strong strain of influence came in from Sri Lanka as a small standing Bodhisattva strongly suggests.

From the 10th century on, the overwhelming influence came from Cambodia. Two astonishing bronzes, one of the eight-armed Bodhisattva Avalokitesvara, standing, the other of the four-faced Brahma, seated, cross-legged, have Khmer features and look like Cambodian bronzes of the late 12th century — the former with good reason. In 1191, King Jayavarman VII sent out from his capital, Angkor, replicas of a similar standing Buddha in sandstone to 23 cities, some in present-day Thailand. Whether the bronze reductions were executed locally or in Angkor is hard to tell for now.

Things may change. Woodward and the conservation laboratory launched jointly with Professor Chandra Reedy of the University of Delaware a scientific program intended to analyze large numbers of clay cores inside bronze casts using as many as 30 different characteristics — such as, for instance, rice chaff. The program extends to stone analysis. "We are pioneers in the field," Woodward says with his habitual mix of gloom and gleam.

The second generation of American scholars in Thai art history would appear to be well on course.



Bronze figure of Brahma from the late 12th century, Thailand or Cambodia.

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Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Cautiously, With NATO

In war, the capture of one's soldiers is considered a hazard of the military enterprise and is dealt with as a priority, but not the most urgent. But in the strange in-between-land of UN peacekeeping in Bosnia, where soldiers are put in harm's way without being provided the means for their protection, the captives are due urgent consideration. The Bosnian Serbians regime says it is treating them as "prisoners of war." It is not. Prisoners of war are entitled to certain well-known protections of a sort denied the men shackled to possible military targets. If they are not to be released instantly, as they should be, they are due at the least safety, decent treatment and communication with the international agencies.

The arrogant Serbian regime offers to negotiate their liberty in return for UN guarantees of no more air strikes. That is blackmail. A United Nations that paid it would only disgrace itself and invite further assaults on its dignity and its operational capability. The Serbs are due no favors merely for undoing a flagrantly abusive act that they were wrong to commit in the first place. Every day the prisoners are detained deepens the original offense and earns the Serbian authorities more shame.

The NATO nations, which provide most of the peacekeepers in Bosnia, are augmenting and regrouping their forces to make them more defensible. This is a necessary stopgap measure and buys time for decisions on whether and how to continue a more robust mission based on a more realistic awareness of the military risks.

So far, Washington has sent no ground soldiers to Bosnia. Now President Bill Clinton is considering the dispatch of combat troops to help NATO consolidate and strengthen its forces. This would constitute a major and a risky new undertaking. The president would be foolish to proceed without full consultations with Congress, which will surely insist, at a minimum, that American troops be under NATO, not UN, command. But it is not intrinsically a bad idea. It would put the United States in the position of sharing its closest allies' burden and would give its voice a stronger bearing in their councils. Whatever policy choices are finally made would have the added weight of having been made by the alliance. That will be a source of strength if the alliance proceeds further down a military path and a source of political reinforcement if it does not.

—THE WASHINGTON POST

A Test for Chile's Future

Every country that climbs from despotism to democracy must deal with the crimes of its former government. The results are rarely satisfactory. A failure to pursue these cases amounts to a tacit amnesty for torturers and murderers. But new democracies often hesitate to go vigorously after the offenders, fearing to divide their people and reignite old enmities. Chile's prosecution of the two generals responsible for the assassination of Orlando Letelier in Washington in 1976 is a conspicuous exception to the general rule.

Mr. Letelier, a former Chilean ambassador to the United States, was an outspoken and effective opponent of the repressive military regime that took over Chile in 1973. He and an American colleague, Ronni Moffitt, were killed by a car bomb one morning three years later as they were driving to their office. The United States angrily demanded Chilean cooperation in the investigation, but got very little action until military rule collapsed in 1989 and was replaced by an elected government. It put on trial the former head of the secret police, General Manuel Contreras Sepulveda, and his deputy, Brigadier General Pedro Es-

pinoza, who were found guilty of organizing the bombing and sentenced, respectively, to seven and six years. This week Chile's Supreme Court upheld the conviction. But General Contreras defiantly declares, from his ranch, that he will never go to prison. That confronts the government with a difficult question. The army has stayed out of this case, but it is less than totally reliable.

The Letelier murder is important not only to Chile's past but to its future. As a crime, it was no greater than any others among the thousands of murders committed under the military regime. But it was more spectacular, and because it was in Washington, it gained international notoriety. It is one of the very few political murders that has actually been prosecuted by the elected government.

That puts additional responsibility on the government to carry out these sentences — which are hardly severe in proportion to the crime. As it is working out, the Letelier case has become the surrogate for all the other human rights cases that the current government, for political reasons, has chosen not to pursue.

—THE WASHINGTON POST

Dole's Transparent Attack

As campaigning for the Republican presidential nomination intensifies, Senator Bob Dole's efforts to attract conservative support are increasingly transparent. His latest bit of pandering to the right was the harangue against the entertainment industry for undermining American values with movies and music that glorify violence. Violence in American society is a serious issue that calls for considered public debate, not the kind of blatant political jockeying practiced by Mr. Dole this week in Los Angeles.

Mr. Dole seems determined to leave no valuable social issue untouched in his drive to win the allegiance of cultural conservatives and religious activists. He has used the nomination of Dr. Henry Foster as surgeon general to polish his anti-abortion credentials and has pushed for repeal of assault-weapons restrictions approved by Congress last year to show his mettle against gun control. Now, following Dan Quayle's dubious example, he has bashed Hollywood with a visceral attack designed to score easy political points at the expense of his primary opponents.

Coming from Mr. Dole, the broadside against the entertainment industry is particularly hard to take. Any serious dis-

cussion about violence in America must begin with the guns used to kill or maim thousands of citizens each year. It is hypocritical for him to attack violent movies and lyrics while ignoring or condoning the ever-increasing availability of guns. If Mr. Dole is serious about reducing violence, he should be trying to get guns off the streets. Repealing the assault-weapons ban is hardly the place to start.

There is much in the movies and in hard-core rap music that is disturbing and demeaning to many Americans. Rap music, which often reaches the top of the charts, is also the music in which women are degraded and men seem to murder each other for sport. But no one has ever dropped dead from viewing "Natural Born Killers" or listening to gangster rap records. FBI statistics show that more than 16,000 Americans were murdered with firearms in 1993, the last year for which figures are available.

Policifans have a right to talk about American values and culture, and an intelligent discussion would be welcome. When they merely manipulate the issues for political purposes they cheapen both the issues and themselves.

—THE NEW YORK TIMES

Other Comment

China: A Dangerous Road

Should the claim that the U.S. visa was granted only to enable President Lee Teng-hui to Taiwan to undertake a private visit to Cornell University, his alma mater, be taken seriously? Regardless, the visa signals a reversal of 16 years of U.S. policy toward China and Taiwan. Not surprisingly, Beijing's reaction has been swift. Discussions on missile proliferation and nuclear energy cooperation have been put on hold.

In recent weeks, Chinese leaders have indicated that they suspect the United States is developing a strategy of "containment" through the deployment of an anti-missile system in the Pacific to neu-

tralize Beijing's strategic arsenal, and through weapons sales to Taiwan. Beijing's inability to join the World Trade Organization due to U.S. objections has not helped the relationship. Now the U.S. Congress is working on a bill to force the Clinton administration to recognize Tibet as an "occupied sovereign country." If that bill gets passed, it will strike at the core of Chinese sovereignty and Beijing can be expected to retaliate with policy initiatives which will hit U.S. interests in the Asia-Pacific region. President Clinton seems prepared to trade off Congress's foreign policy initiatives against domestic concerns that could enhance his re-election chances. This is a dangerous road.

—BUSINESS TIMES (Singapore)

Neither Munich Nor Vietnam

By Flora Lewis

PARIS — The time of hard choice on Bosnia can scarcely be put off any longer. At each stage of the war in ex-Yugoslavia the powers have devised time-buying measures so as to appear to be responding to crisis without taking basic strategic decisions. The unspoken hope was that somehow the belligerents would tire of fighting and sue for peace.

The fact was never faced that people responsible did not value peace for its own sake above the conflicting goals that drove them to war. At each stage, the ambiguous intervention, the firmly worded but scarcely applied resolutions, the blame-shifting, assured that the inescapable choice deferred would be harder and more onerous.

But there is no going back to be braver, wiser, more effective at yesterday's price. The dilemma has to be confronted where it stands. So far the powers are showing unusual determination. Essentially, the debate outside Yugoslavia is which precedent more closely applies: Is it Munich or Vietnam?

Is the "far-away country nobody can find on the map" (in Chamberlain's words) a matter of principle whose abandonment threatens much greater disaster to those who remain indifferent, or is it a place best left to its own demons, where it is arrogant to assume we have a vital interest to impose?

The Bosnians, as the French conveniently call the forces of Radovan Karadzic, have all but formally declared war on UN troops, denying that men they hold at gunpoint or shackled near ammunition dumps are hostages and claiming they are "prisoners of

war." That is intolerable. But they are getting away with it based on the so far proven premise that the United Nations would rather swallow humiliation than get into a fight on the ground. Now they offer to "negotiate" release of the hostages in return for a guarantee of impunity against any UN use of force and "demilitarization" — that is, sacrifice — of Bosnian "safe havens."

The British and French are saying, quite rightly, that their remarkably disciplined soldiers cannot be left in militarily indefensible positions.

They were put there in the first place because their mandate was only to shield civilians and at most defend themselves, though without the means to do so.

But to pull them together to hunker down makes their presence worse than pointless. Prime Minister Alain Juppé of France says a political solution that would both rescue and justify them is "centimeters away."

That is almost certainly another illusion. It is based on the assumption that during President Slobodan Milosevic of Serbia into recognizing Bosnia's state border with the promise of lifting the embargo on Serbia would so isolate the Bosnians that Mr. Karadzic would accept the current partition plan for Bosnia and the Sarajevo government.

That is unlikely. Mr. Karadzic was the creature of Mr. Milosevic to begin with, but that is no longer evident. And if sanctions are lifted in this context, it would only demonstrate to other Serbs that Mr. Karadzic is the

shrewder, more resolute leader and that his defiance pays.

Simply withdrawing outside force would not only ensure a worse bloodbath, also involving UN casualties. It would flaunt the inability and unwillingness of the powers, whether as UN leaders, as NATO or on their own, to resist audacious confrontation.

Yet, this isn't really Munich. He is mad, mean and cruel, but Mr. Karadzic is not Hitler with dreams of ever greater conquest. Nor is this Vietnam, as some American editorialists suggest with their insistence on keeping American soldiers out of the "quagmire."

With heavy heart, because we cannot start over and correct past mistakes, I think the United States will have to send troops to help make the UN force effective enough to be credible.

This means changing the mandate to include resisting attack and at a minimum keeping air supply routes open to Sarajevo and besieged enclaves; but on the condition that a serious political proposal is made to achieve a compromise, not just another shatter-survive case.

I am convinced that the best and most lasting approach would be to seek a new Yugoslav confederation, offering the Bosnians and the Serbs of Croatia a new sovereignty while maintaining sovereign autonomy of Bosnia and Croatia in existing borders.

It is only in a larger context that this tortured land can find salvation. In any case, the stakes keep escalating. The choice must be made. There are no easy answers, but both Munich and Vietnam are bad ones.

© Flora Lewis

Youngsters Saving the Elders' Egos

By Bob Herbert

NEW YORK — Just turn the page, change the decade — nobody ever learns. A photo of frightened French soldiers being held hostage near Sarajevo reminded me of the young men I served with as a draftee in the mid-1960s, at the height of the Vietnam buildup.

On my first day in boot camp, I was stunned to see that the other recruits all looked as young as I. We were babies compared with the tough, leather-skinned veterans of the war movies we had grown up with. This was real life. Young boys with frightened faces heading off to the unknown.

I was lucky. While others went to Vietnam, I was sent to Korea. That's where I would get the letters saying this friend or that friend had died.

"There are things you cannot quantify," says Robert McNamara in his book, "In Retrospect," "honor and beauty, for example. But things you can count, you ought to count. Loss of life is one when you are fighting a war of attrition. We tried to use body counts as a measurement to help us figure out what we should be doing in Vietnam to win the war while putting our troops at the least risk."

He was talking about the enemy body count. In Korea, with each sorry bit of news that made its way to us from Vietnam, we kept our own body count. Young boys with frightened faces.

Vietnam was a political and public relations pit from which the major egos of the era could not satisfactorily extricate themselves. In the service of those egos, tens of thousands of young people had to do their duty and allow themselves to be sacrificed. Now we are told it was all a mistake.

Fast forward to the madness of October 1983. Ronald Reagan and his advisers, enmeshed in an incoherent Middle East policy, and ever ready to do something that would make them appear tough, had stationed 3,000 ill-defended marines in

Beirut. When a suicide bomber in a truck blew up their barracks headquarters one morning, 241 young marines and sailors were killed.

Another mistake. Three days later the United States invaded Grenada. "We got there just in time," said Robert McFarlane, Mr. Reagan's national security adviser. Just in time, that is, to shift the headlines away from the Beirut debacle.

The next day, the president went on television to blame everything on the Russians. "Not only has Moscow assisted and encouraged violence in both countries," he said, "but it provides direct support through a network of surrogates and terrorists." The situation in Lebanon, Mr. Reagan added, was absolutely vital to U.S. interests.

Not quite. The marines were soon withdrawn. Now we have Bosnia. Having refused to stand up to wanton aggression and genocide, the NATO allies are now, like Lyndon Johnson and Robert McNamara, trying to figure out what to do with an enemy who won't listen to reason and whom they are unwilling to defeat. This fumbling about for a win in a no-win situation is being carried on in embassies and cocktail parties while "peacekeeping" troops and civilians are subjected to terrible assaults and humiliations.

The UN troops in Bosnia are doomed in the sense that they can never prevail. Troops are trained to fight wars and should be led by commanders who want to win. Forget the peace-keeping euphemism. You can't keep the peace with an enemy capable of genocide. You fight to win, or you get out. In Bosnia, as in Vietnam, the politicians are unwilling to concede defeat. They are searching for a political solution, a way to save face. Meanwhile, you have youngsters in a danger zone, doing their duty, which is to sacrifice themselves in the service of the egos of their elders.

The New York Times

Trade Liberalization: A Growing Backlash Around the World

By William Pfaff

CAMBRIDGE, Mass. — The "globalization" of national economies, so enthusiastically promoted by American government and business today, amounts to an ideological form of Western imperialism, to which the rest of the world is compelled to react. It now is meeting significant opposition, expressed in political as well as economic terms.

The pattern is familiar. The center of Western power — the United States today, Britain yesterday, Spain before that — attempts to impose upon others its own vision of how the world should be ordered. A workshop, mainly composed of senior economic historians, convened recently at Harvard by the Luxembourg Institute for European and International Studies, asked why some countries are rich and some so poor. It found a part of the answer in the fact that the modern world is largely of Western invention, as are the industrial techniques for making a society rich.

It is politically incorrect in many American academic circles to speak of the West's originality, while highly correct to talk about Western imperialism. Unfortunately the two are aspects of the same thing.

The West's imperialism was not a criminal enterprise, as some believe, but a natural product of the West's sense of mastery over things and nature and its conviction that its ideas are universal ideas that are valid for every society everywhere.

Other societies have since the 15th century had a choice: to imitate the West, or to reject it and pay the price for doing so. The

Luxembourg Institute meeting provided testimony that in today's case the option of rejection is again being considered by elites in important countries.

In Japan, under constant assault from the United States to open its markets, there is current concern not only that America's trade demands are impossible to meet within the framework of Japanese society and economy, but also a fear that Japan's economy may become "hollowed out" by the competition of cheap labor in Asia's poorer countries.

Some in Japan's leadership today are determined to resist the globalizing forces. They consider the example of what has happened to American industry and the American labor force in recent years a disavowal rather than a persuasive example of the consequences of trade liberalization. Japan's national development has always been conducted on its own terms rather than those dictated by others. The Japanese took from the West in order to create their own version of industrial society. Their purpose has been to become able to deal with the West on equal terms.

Both those efforts provoked Western hostility, particularly that of the United States. Mickey Kantor and Bill Clinton do not realize it, but they are acting in just the way American political leaders and economic policymakers did in the prewar years, once again provoking an agitated reaction among the Japanese.

A Russian at the recent meeting described the last few years in his country in terms of national

humiliation. First came the collapse — deserved, he agrees — of the Soviet system and of the doctrine that had governed Russia's actions since 1918.

That was followed by a chaotic and caricatured economic Westernization, producing robber capitalism and inviting Russia's exploitation by Western interests. At the same time many ordinary Russians have experienced falling living standards, and a certain demoralization of Russian society has taken place.

He spoke of the times when Russia was isolated, and pursued its own course, as the best and most confident periods in its history. One may wonder if that is really true, but the sentiment expressed is very important. Once again an unconsidered and largely self-interested foreign intervention is generating negative consequences among thoughtful people, and not merely among demagogic nationalists — although the latter profit from this.

The West's aggressive promulgation of its ideas and values has in the past produced both good and some extremely bad results. World wars and universal ideologies are characteristic Western products. Other cultures have been undermined and destroyed because of the West's thoughtless conviction of the natural superiority of its own ideas. Material success has produced arrogance.

However, the West's domination was in the past achieved over relatively weak societies. Neither Russia, China nor India in the 18th and 19th centuries had the confidence or resources to im-

pose their alternative visions. Japan, though, succeeded in doing so, taking from the West only what it wanted. It is again in a position to do so. This might eventually prove true for Russia. In today's situation the West itself is divided. In the specific case of economic globalization, America is the totally committed advocate, while there is resistance in Western Europe.

Europe, Britain excluded, is reluctant to impoverish a part of its work force and abandon its welfare society for the putative gains promised, in some more or less distant future, by a globalized economy.

There is some support for a policy of European trade preference, and caution about the trade pressures coming from America. The future could prove to be other than the one now commonly expected in Washington, and at such institutions as the Harvard Business School.

International Herald Tribune
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IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1895: Marti Not Dead

NEW YORK — Telegraphic despatches have been received here today [June 2] from General Gomez by Senor Guerra, the Cuban treasurer for the insurgents in the United States, declaring that the report of General Marti's death is altogether unfounded. It is alleged that the body has not been seen by anybody with the exception of the Spaniards.

1920: Secret Salaries

PARIS — Some interesting particulars concerning the Reparations Commission have been given by M. Millerand, the French Premier, in reply to questions by the Commission. He said that the Commission is paid, M. Millerand says the emoluments and expenses of the Commission and its personnel are a charge upon Germany, the amount not being included in the reparation total.

The Commission, consisting of five Allied delegates, is authorized, under the Versailles Treaty to appoint the personnel required and to fix the remuneration.

1945: Art Is Recovered

SUPREME HEADQUARTERS, Allied Expeditionary Force — An unprecedented condition has been precipitated by the recovery by the Western Allies of one fifth of the art of the world and it may well be that future art values will be largely determined by the manner of its redistribution. It was said here today [June 2] by Lieutenant Colonel Geoffrey F. Webb, chief of the Monuments, Fine Arts and Archives section of Supreme Headquarters, Colonel Webb said that the removal of such a large portion of the world's art treasures from normal channels makes it impossible now to estimate their monetary value or to assay the demand for them in the world art market.



They Leave China Free To Pick and Choose

By Jim Hoagland

WASHINGTON — The story is unfinished, awaiting dramatic and uplifting resolution. The issues for once are clear, not bathed in ambiguity and trade-offs. For these reasons, and more, the sixth anniversary of the Tiananmen massacre arrives with fresh impact and meaning.

China is complicated only if you need to make it complicated, as Western diplomats, trade negotiators and lobbyists do. Otherwise the continuing struggle between a decomposing Communist regime and people who demand no more than democracy and dignity is a straightforward affair.

But this June 4 finds the Clinton administration in hot pursuit of complexity. Washington responds to new expressions of Chinese belligerence not by rethinking its badly flawed "comprehensive engagement" approach, but by emphasizing the need to avoid "confronting" Beijing.

This occurs even as China tightens the screws on dissent and economic reform at home and expands its regional military reach. But China already engages in an escalating confrontation against a U.S. government Beijing views as weak, if not pusillanimous. To confront, or not to confront, is not the question for Washington. China has already made the choice. America's options are to respond firmly or to respond weakly.

The administration's high policy thinkers do not seem to believe that governments are destined to behave internationally as they behave toward their own citizens. Deng Xiaoping & Co. can behave responsibly and morally internationally even as they murder, torture and jail their own people for peacefully asking for democracy, the enhancers would contend.

But look again at the tiff over the visa Washington at first refused and then granted Lee Teng-hui, Taiwan's president, to attend a class reunion at his alma mater, Cornell University. Instead of seizing the high ground long ago and granting the visa as a matter of principle and decency, the administration found a way to wind up with the worst of all worlds.

Beijing's reaction? It cancels its participation in U.S.-sponsored missile control talks. Other military-to-military contacts, sold by the Clinton administration as needed to encourage China to behave responsibly in international affairs, are put on hold. Chinese engagement on military and arms control matters is purely tactical. Cross us, Beijing says, and we will increase

missile exports to punish you. At the same time, a high-level Chinese government economic delegation went through its visit to Washington last week, seeking new loans and investment. The Clinton policy on China lets Beijing pick and choose, gathering economic benefits that serve its interests, even as reliable reports intensify that Beijing's central planners are reasserting their control over what private entrepreneurs can and cannot do.

Remember the hoopla over China agreeing to shut down seven compact disc factories that were pirating U.S. copyright material after Trade Representative Mickey Kantor threatened sanctions? The International Herald Tribune reported Friday that six of those factories have quietly reopened. Mr. Kantor's office says only that it is "studying" a deception it must have known about but this time did not publicize.

While America pursues cooperation, China's military has increased its budget substantially, "causing growing concern among China's neighbors," as a report by the nonprofit Atlantic Council cautiously observes.

China has used its new muscle to step up its claims to the South China Sea atolls known as the Spratlys. China's new defiance over the Spratlys sparked a brief debate in the administration over the merits of "confronting" or "engaging" Beijing.

The outcome was a carefully worded statement that put Beijing on notice that Washington would not be indifferent to trouble in the Spratlys. That made the Chinese more cautious. But the administration decided to keep wooing China rather than using diplomacy or economic pressure to moderate its behavior.

Six years ago, in the days leading up to the slaughter ordered by Mr. Deng and his lieutenants, I stood in Tiananmen Square and listened to students argue the same broad question: How should they deal with the Deng dictatorship? There were hotheads calling for confrontation and revolution. But in general the students opted for persuasion, dialogue and peaceful protest.

In the end it made no difference. The Communist gerontocracy that rules in the name of Lenin and Mao made its own decision and wrote it out in blood.

Governments should not fool themselves: Beijing will behave internationally in the same fashion if it feels it has something to gain.

The Washington Post

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Directeur de la Publication: Richard D. Simmons

Directeur Adjoint de la Publication: Katherine P. Duran

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THE AMERICAS

Mexico Plans a Huge Garage Sale

Privatization to Be Monitored After Earlier Fiascos

By Anthony DePalma
New York Times Staff Writer

COATZACOALCOS, Mexico — Under pressure from the United States and other creditors to cut spending and raise cash, Mexico is planning a garage sale. The idea is to unload government-owned enterprises, from airports and communication satellites to the entire Mexican railroad system, including a creaky line that chugs from this city on the Gulf of Mexico to the Pacific Coast at a seat-numbing speed of 12.5 miles (20.25 kilometers) per hour.

The sale will be Mexico's third big round of privatization since the mid-1980s. It is being watched closely in Mexico and in the United States — from which many buyers will presumably come — to see if it will be managed better than earlier ones, which raised more than \$22 billion.

In those sales, the government, in its zeal to get top dollar to meet its own needs, accepted bids that were not always the best deal for the businesses being sold, or for their customers. And it failed to adequately regulate the newly privatized businesses to protect consumers and promote competition.

For example, when Mexico sold 18 commercial banks beginning in 1991, it prohibited bids from foreign banks in favor of bids from Mexican investors, even though the latter had no banking experience.

Keeping out foreign banks and limiting the number of new banks effectively reduced competition in the market, making it more attractive to the local bidders and therefore driving up bids.

The government also failed to make sure that local bidders had enough money on hand to operate the banks in case of losses.

A result was that many banks could not respond adequately to the financial crisis that began last December.

Or, consider the telephone system. A state-run monopoly, it was simply turned over to a privately owned monopoly that has done little to improve Mexico's laughably unreliable service.

Or, take the government's two airlines, Mexicana and Aeromexico. They were sold to groups whose managers had little experience and insufficient capital, and within a few years were again on the brink of bankruptcy.

Privatization, Mexico has learned, is not a simple cure-all. To make a deal succeed, specialists say, a country must consider not only the price but the system being created. That means looking at the experience and financial strength of the bidder, assuring competition and a commitment to service. Doing so may mean accepting a lower price.

But many people worry that the Mexican government may repeat earlier mistakes in the coming round.

"There's a bit of a naive view of privatization that says just give the properties to private owners and that's enough," said a senior government official who spoke on the condition that he not be identified. "It's naive, but it's pretty effective. And the pressure for that kind of thing to continue is very strong."

The sale of the railroads will provide an interesting study of whether the government can balance a need to raise cash with a desire to improve an important industry.

But if Mexico sells the railroads in the same way it sold the telephone company, for example, the government would give the whole system to a single bidder who might not have any expertise and thus create a privately owned monopoly no

more efficient than the one the government has run so poorly for decades.

Some government officials, as well as some potential bidders, want things to change. Under their approach, Mexico's railroads would be split carefully into competing systems. Qualifications of bidders would be scrutinized, and important questions about setting rates, cutting payrolls and dealing with unprofitable passenger service would be addressed before bids were accepted.

For many reasons, the sale will not be easy. The government's chances are not helped by the fact that Mexico is under even more pressure to raise money — and to do so quickly — than it was during the earlier rounds of privatization.

In exchange for a \$50 billion bailout from the United States, the International Monetary Fund and other nations and organizations last March, Mexico agreed to raise \$12 billion to \$14 billion by selling unprofitable state-owned enterprises.

Some say the U.S. Treasury demanded the sales to appease members of Congress who worried that Mexico was getting a free ride.

President Ernesto Zedillo wants to show that he is committed to complying with the conditions. He also wants to demonstrate that despite the economic horrors that followed last December's devaluation, Mexico is still on a modernization path.

The coming sales are also far more complex than earlier ones, because they require substantive changes in the law — in some cases, the constitution of Mexico.

Railroads, for example, were considered strategic resources until the constitution was changed a few weeks ago. Lawmakers also found that oil and natural gas were still strategic but that natural-gas distribution was not and thus could be sold.

Employment Data

Damage Blue Chips

Compiled by Our Staff From Dispatches

NEW YORK — Stocks went mixed Friday as blue chips fell after the government reported a big drop in the number of jobs last month. The broader market was firm, however, as investors moved into financial and technology issues.

Analysts said investors were torn between fears of a recession and prospects of falling interest rates after the government report on job losses.

The Dow Jones industrial average fell 28.36 points, to 4,444.39, but advancing issues outnumbered declining ones by a 3-to-2 ratio. Reflecting gains in technology stocks, the Nasdaq Composite index rose 4.16 points, to 872.98.

Intel rose 1 1/4, to 116 1/4. The chipmaker's chief executive, Andy Grove, affirmed that he expected sales of personal computers to rise to 100 million units annually from the current 60 million.

Shares in Applied Materials, which makes equipment used in semiconductor manufacturing, rose 2 1/4, to 82 1/4. Texas Instruments, which trades on the New York Stock Exchange, finished 2 1/4 higher, at 123 1/4.

Technology stocks made up most of the gains in the week. Stocks in banking companies gained amid speculation that the Federal Reserve Board would cut interest rates later this year. A sharp rally in the government bond market also helped the banks. Profit at banking companies generally picks up when interest rates fall because of increased borrowing and gains on bond holdings.

The price of the benchmark 30-year Treasury bond soared, driving its yield down to 6.54 percent from 6.61 percent.

The yield on the 30-year bond has fallen 80 basis points, or 0.80 percentage point, since the beginning of May.

The prospect of a rate cut by the Fed has helped the Dow industrials rise 2 percent this week. Low rates help stocks by encouraging people to put their money in equities rather than lower-yielding fixed-rate investments. They also lower the cost of borrowing, which helps increase corporate profits.

"Markets don't react like this going into recession," said John Brooks, director of sales and marketing at Noddy Group in Atlanta. "There's a big difference between a slowdown and going into recession."

Oil, transportation and chemical issues slumped as investors bet a slowdown in the economic cycle would crimp demand and shipments of plastics and other consumer-related items.

There's definitely a debate going on," said Scott Billedeau, a fund manager for B of A Capital Management Inc. "The economy probably will slow down, which is good for interest rates near term." But he added that corporate profits could suffer if the slowdown were too severe.

Stock in companies that provide temporary workers dropped on the government employment data. Interim Services fell 1 1/2 to 23 1/2, while Manpower dropped 2 1/2 to 25.

Among the 30 Dow stocks, J.P. Morgan rose 1 1/4 to 73 1/4, while Philip Morris rose 1 to 73 1/4.

The Dow's biggest losers were companies sensitive to economic swings — Caterpillar fell 1 1/4 to 59 1/4, Alcoa dropped 1 1/4 to 45 1/4, DuPont fell 1 1/4 to 66 1/4 and United Technologies dropped 2 1/4 to 75 1/4.

Stock in Olin Corp. fell 2 1/4 to 51 1/4 after Merrill Lynch lowered its rating of the chemical company amid concerns that cyclical declines in the chemical and defense industries could hurt profits.

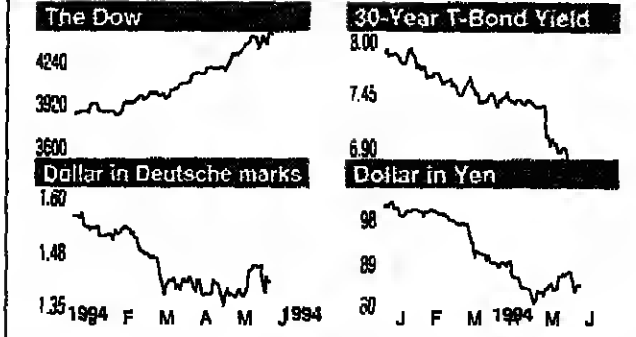
Philip Morris rose after the company said late Thursday that it had retrieved 75 percent of recalled cigarettes from retailers, and that the recall was proceeding as planned. Last week, the company said it would recall 8 billion cigarettes after finding a chemical contaminant in some of its filters.

Railroad stocks dropped sharply after an analyst at Donaldson Lufkin & Jenrette downgraded the largest of them: Burlington Northern fell 1 to 59 1/4, Conrail dropped 1 1/4 to 52 1/4 and Union Pacific finished 1 1/4 lower at 52 1/4.

Bank of New York rose 1 1/4 to 41 1/4. The bank said Thursday it would buy the corporate trust unit of NationsBank Corp.

(Bloomberg, AP, Reuters)

Investor's America



Exchange	Index	Fnday Close	Prev. Close	% Change
NYSE	The Dow	4444.39	4472.76	-0.63
NYSE	S&P 500	532.51	533.49	-0.18
NYSE	S&P 100	506.36	508.01	-0.32
NYSE	Composite	286.52	286.73	-0.07
U.S.	Nasdaq Composite	872.78	868.35	+0.51
AMEX	Market Value	487.84	490.90	-0.62
Toronto	TSE Index	4449.80	4445.61	+0.09
Sao Paulo	Bovespa	39452.00	37030.00	+6.54
Mexico City	Bolsa	2083.37	2011.96	+3.54
Buenos Aires	Merval	447.59	428.74	+4.40
Santiago	IPSA General	6118.41	6105.95	+0.20
Lima	Capital General	1209.57	1207.12	+0.23

Source: Bloomberg, Reuters

Very briefly:

FDA Approves Glaxo Migraine Drug

LONDON (Bloomberg) — The U.S. Food and Drug Administration said Friday that Glaxo Wellcome PLC can begin selling a tablet version of its prescription migraine treatment Imitrex, Glaxo said.

The decision, which Glaxo requested more than four years ago, is expected to significantly boost sales of what is one of Glaxo's fastest-growing products, but one which has been dogged by safety concerns.

The FDA had previously approved only the injectable form. Glaxo said it would begin selling the tablet form of the drug in September 1995. Imitrex, also known as Imigran, is approved in oral and injectable forms in dozens of countries.

Sony Forms Game Deal With Namco

LONDON (Bloomberg) — Sony Corp. said Friday it had formed a long-term alliance with Namco Ltd. of Japan under which Namco will develop a library of video games compatible with the next generation of Sony PlayStation home game machines.

Namco, which develops interactive video games and operates arcades, will create game titles for Sony's 32-bit PlayStation system. Sony will distribute and sell Namco's games in Europe. The companies expect revenue of \$100 million in the next 18 months.

Hills Stores Co. rejected Dickstein Partners Inc.'s sweetened \$250.5 million takeover offer. Hills said the \$27 per share offer was not in the best interests of shareholders. The new offer calls for \$22 a share in cash and \$5 of a new debt security payable in five years. The previous offer was for \$25 a share.

Sony Pictures Entertainment Inc. is to invest \$75 million in Stanley Jaffe's new independent production company in exchange for theatrical and home-video distribution rights.

(Bloomberg, NYT)

Intervention Fears Help Prop Up Dollar

Compiled by Our Staff From Dispatches

NEW YORK — The dollar was mixed Friday against other major currencies, rebounding from early losses amid concern that central banks might launch another round of dollar-buying to bolster the U.S. currency.

A report showing that the U.S. economy unexpectedly shed 101,000 nonfarm jobs in May sparked speculation that the pace of the U.S. economic slowdown could prompt the Federal Reserve Board to push down interest rates, reducing borrowing costs in order to foster growth.

Low U.S. interest rates typically make the dollar unattractive by reducing the return investors get for holding short-term debt investments denominated in the currency.

However, lingering concern that central banks could buy dollars in collaboration, as they did Wednesday, helped the dollar regain ground, traders said.

"Everybody sold dollars this morning, but people were quick to buy them back for fear of Fed intervention," said Paul Farrell, a manager at Chase Manhattan Bank.

"Since the Fed intervened two days ago, everyone has in the back of their minds that

could come in again," a trader at Arab Banking Corp. said. The dollar closed at 1.4090 Deutsche marks, up from 1.4085 Thursday.

Against other currencies, the dollar was unchanged at 4.951 French francs. It rose to 1.1620 Swiss francs from 1.1600. The British pound fell to \$1.5895 from \$1.5977.

Reports that a U.S. warplane flying in a NATO operation was shot down Friday over Serbia-Bosnia also helped the dollar rise.

Foreign Exchange

1.4085 Thursday. Against the yen the dollar was down to 84.35 from 84.56.

Against other currencies, the dollar was unchanged at 4.951 French francs. It rose to 1.1620 Swiss francs from 1.1600. The British pound fell to \$1.5895 from \$1.5977.

Reports that a U.S. warplane flying in a NATO operation was shot down Friday over Serbia-Bosnia also helped the dollar rise.

WORLD STOCK MARKETS

Friday, June 2

Prices in local currencies.

High	Low	Close	Prev.
Amsterdam	171.17	171.17	171.17
Bombay	111.11	111.11	111.11
Brussels	111.11	111.11	111.11
Copenhagen	111.11	111.11	111.11
Helsinki	111.11	111.11	111.11
Jakarta	111.11	111.11	111.11
Kuala Lumpur	111.11	111.11	111.11
London	111.11	111.11	111.11
Manila	111.11	111.11	111.11
Mexico	111.11	111.11	111.11
Montreal	111.11	111.11	111.11
Oslo	111.11	111.11	111.11
Paris	111.11	111.11	111.11
Sao Paulo	111.11	111.11	111.11
Singapore	111.11	111.11	111.11
Stockholm	111.11	111.11	111.11
Sydney	111.11	111.11	111.11
Tokyo	111.11	111.11	111.11
Vienna	111.11	111.11	111.11
Wellington	111.11	111.11	111.11
Zurich	111.11	111.11	111.11

Amsterdam

ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70

Frankfurt

ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70

Bombay

ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70

Brussels

ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70

Copenhagen

ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70

Helsinki

ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70

Jakarta

ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70

Kuala Lumpur

ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70

London

ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70

Manila

ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70

Mexico

ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70

Montreal

ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70

Oslo

ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70

Paris

ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70

Sao Paulo

ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70

Singapore

ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70
ASML	59.70	59.70	59.70

Bank of Spain Raises Key Rate To Fight Inflation

Compiled by Our Staff From Dispatches
MADRID — In an effort to stem a recent rise in inflation, the Bank of Spain raised its benchmark interest rate by three quarters of a percentage point Friday.

The central bank set a minimum rate on securities repurchase certificates of 9.25 percent at its regular auction Friday, up from a rate of 8.50 percent at the auction 10 days ago. It was the third rate increase this year.

Handelsbanken Will Buy Healthy Part of Skopbank

Bloomberg Business News
STOCKHOLM — Svenska Handelsbanken AB, Sweden's second-largest bank, said Friday it would buy the healthy parts of Skopbank, a state-owned Finnish bank, for 585 million markkaa (\$134.9 million).

Handelsbanken has agreed to take over loan and bank guarantee portfolios of 4.4 billion markkaa, deposits of 400 million markkaa and all shares in two Skopbank units with total assets of 8.6 billion markkaa.

The two units are Industrialsfinans and, which is mainly concerned with real estate loans, and Skop Finans, a leasing company.

The price of 585 million markkaa is 20 percent higher than the net asset value of the two companies, Handelsbanken said. That is because the Finnish state has provided guarantees to cover credit losses in 1995 and 1996.

Skopbank was hit worse than other banks during the recession in the early 1990s, which was deeper in Finland than most other European countries. It was bailed out by the state in 1991. Sweden's financial watchdog has approved the takeover. Final approval from Skopbank's general assembly is expected in two weeks. Handelsbanken is already the fourth-largest bank in Finland.

Major commercial banks responded by raising the rates they charge their most credit-worthy customers for loans to 9.25 percent from 8.50 percent.

The Bank of Spain has set a goal of 3.5 percent to 4 percent annualized inflation in the first quarter of 1995. But in April, inflation rose to a year-on-year rate of 5.2 percent. The bank said it wanted to preempt further inflationary trends.

"It's aggressive, it's in line with a vigorous monetary policy and with what the Bank of Spain has done since the start of the year," said Felix Gonzalez, chief economist at Capital Market, a Madrid brokerage.

Bond prices rose on the news of the rate rise, which was higher than most analysts expected. The yield on the benchmark 8 percent government bond due 2004 fell to 11.36 percent from 11.49 Thursday.

In the futures market, the 10-year bond for June delivery rose 0.28 points to 86.50. The peseta slipped despite the rate rise. The Deutsche mark rose to 86.706 pesetas at the close in Madrid, compared with 86.626 on Thursday.

Some analysts pointed out that the rate rise did not occur at a time when the peseta was weak, as had the two previous rate increases this year. Countries often use rate increases to support their currencies.

"This is the first move in a long time that's not going to be perceived as a currency measure," said Henrik Lundholm, chief economist at Bank of America in Madrid.

Analysts said the central bank's credibility had come into question over the past few months when, despite the evidence of rising inflation, it put off a rate move until after last week's municipal and regional elections.

The Bank of Spain gained independence from the government last year.

An analyst at a British investment house who requested anonymity said the rate rise "proves the Bank of Spain is a political animal," by waiting until after the elections.

(Bloomberg, Reuters, AFP)

Sun Shines on Site Disney Rejected New Spanish Theme Park Opens to Capacity Crowds

By Barry James
International Herald Tribune

On a site considered and then rejected by Walt Disney Co., a theme park has sprung up to break the mouse's tail. One month after its opening, Port Aventura, on Spain's Costa Dorada, reported attendance higher than anticipated, with nearly 350,000 paying visitors pouring through the entrance gates.

The owners received maximum help — including access to marketing and demographic research — from national and regional authorities in Spain, who were disappointed by Disney's decision to go to France, said a spokesman for one of Port Aventura's investors.

At 115 hectares (290 acres), it is only fractionally smaller than Disneyland Paris and has about the same number of attractions, making it Europe's second-largest theme park. It has 800 more hectares set aside for future development.

Port Aventura opened with less fanfare than Disney has given to a single attraction — its new eyeball-popping Space Mountain ride, which opened this week in Paris. Nevertheless, the Spanish park has been operating to capacity from its first day, and the hotels in the nearby resort of Salou and surrounding areas are heavily booked through the summer.

The investors in the 450 million project are the Tuscanos Group Ltd., which operates theme parks in Britain; the U.S. brewer Anheuser-Busch Cos.; the savings bank La Caja de Ahorros y Benéficas de Barcelona, or La Caixa; and a regional electricity utility, Fuerzas Electricas de Cataluna SA, or FECSA.

Of course, Port Aventura's planners took a careful look at Disneyland Paris, seeking to emulate its successes while avoiding the financial abyss into which the French park has fallen.

They decided that Disney has a terrific

park, according to Antonio Quijano, a spokesman for Port Aventura. But even 9 million visitors last year, Disneyland lost money, partly because of the difficulty of filling its hotel complex.

Port Aventura thus was built without hotels, relying on the calculation that with 300,000 hotel rooms and 175,000

sign, Mr. Quijano said, was that visitors were spending 30 percent more on food and souvenirs than expected.

Despite its low price structure, compared with Disney, Port Aventura expects to make a profit with no more than 2.5 million visitors and 13.5 million pesetas in revenue a year, Mr. Quijano said.

This is partly due to the decision not to build hotels and partly because, in its initial stage, the park will close in winter. It has only 2,200 employees in the summer and 700 permanent staff. Disneyland employs 8,000 people full time and 4,000 part time.

For all its teething problems, Disneyland whetted Europeans' appetites for high-quality theme parks, and Spaniards have been among its most assiduous visitors.

So far, Port Aventura has been more heavily pitched to the domestic market than to tourists. Last year, Spain received 60 million visitors, of whom 19 million went to the Costa Dorada and neighboring Costa Brava region. As the park gets better-known, it will probably be expanded into a year-round operation, Mr. Quijano said.

Although it lacks the Disney name and cast of characters, the Spanish park has a major benefit that Disneyland Paris lacks: almost year-round sunshine.

It also has the advantage of having two lunch periods — foreign visitors like to eat earlier than the Spanish — which means that lines for the most popular attractions tend to be relatively short for most of the day.

Port Aventura also boasts the mother of all roller-coasters, called the Dragon Khan. In just over one minute, it barrels riders down a 45-meter (147-foot) precipice, accelerating to a speed of 110 kilometers (70 miles) an hour, and whips them horizontally and vertically through eight complete loops, a world record.

Planners took a careful look at Disneyland Paris, seeking to emulate its successes while avoiding its financial problems.

apartments within an hour's distance, local capacity was already sufficient.

Mr. Quijano said Disneyland got it wrong in the beginning by allowing itself to be seen as expensive, which proved dangerous at a time of recession. Even though it has reduced entrance charges since, the reputation has been hard to shake off.

Disneyland charges 195 francs (\$40) for a high-season adult ticket. Port Aventura charges 3,800 pesetas (\$30) for a one-day adult visit, or 5,200 pesetas for two days, with reductions for children and retired people.

It also has a policy of charging no more for food or drink than do the restaurants and bars of Salou, which is within walking distance. Otherwise, Mr. Quijano said, visitors would be likely to go to town for lunch.

It avoided the mistake of banning wine and beer, a decision that Disney made and later rescinded, with some damage to its reputation. One hopeful

Whampoa of Hong Kong, British Aerospace PLC and Barclays Bank PLC.

Analysts mentioned VIAG AG of Germany as a possible buyer for Cellnet. VIAG and BT are partners with MCI Communications Corp. of the United States in a venture to offer corporate telecommunications services in Germany.

The British government plans to allocate new frequencies for mobile service in the next few months, a move that analysts said would further slow profits at mobile telephone companies.

"We're now in an era of volume growth in subscribers but average revenue per subscriber is going to moderate," said Dennis Exton, a telecommunications analyst.

Securicor Ends Cellnet Talks With BT

Bloomberg Business News

LONDON — Securicor Group PLC said it had ended talks on selling its 40 percent stake in Cellnet Group Ltd., the mobile telephone company, to British Telecommunications PLC because of regulatory hurdles.

The British Department of Trade and Industry told Securicor it was "not willing at present" to lift a restriction preventing BT, which owns 60 percent, from owning all of Cellnet.

Securicor said it was now considering selling its Cellnet stake, which analysts said could be worth £1.2 billion (\$1.91 billion), to another company.

"We've made no secret over the last few years that if we had something in the interest of our shareholders, we'd look very seriously at it," Christopher Shircliffe, finance director of Securicor, said.

Cellnet and Vodafone Group PLC pioneered the cellular-telephone services market in Britain in the 1980s. The companies now face competition from two new providers, Mercury One-2-One and Orange, both of which started last year.

Mercury One-2-One is owned by U.S. West Inc. and Mercury Communications Ltd., a unit of Cable & Wireless PLC. Orange is 65 percent owned by Hutchison

Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
2150	3300	2000
2100	3200	1925
2050	3140	1850
2000	3080	1775
1950	2980	1700
1900	2900	1625
1850	2820	1550
1800	2740	1475
1750	2660	1400
1700	2580	1325
1650	2500	1250
1600	2420	1175
1550	2340	1100
1500	2260	1025
1450	2180	950
1400	2100	875
1350	2020	800
1300	1940	725
1250	1860	650
1200	1780	575
1150	1700	500
1100	1620	425
1050	1540	350
1000	1460	275
950	1380	200
900	1300	125
850	1220	50
800	1140	-25
750	1060	-100
700	980	-175
650	900	-250
600	820	-325
550	740	-400
500	660	-475
450	580	-550
400	500	-625
350	420	-700
300	340	-775
250	260	-850
200	180	-925
150	100	-1000
100	20	-1075
50	-60	-1150
0	-140	-1225

Very briefly:

- Audi AG said its Hungarian unit would invest 250 million Deutsche marks (\$174 million) to expand its engine plant in Győr, west of Budapest.
- Germany posted a 6.2 billion DM trade surplus in March, up from 6.0 billion DM in February, provisional figures showed.
- The German Share Institute, a nonprofit organization backed by banks and industry, said it would seek laws for tax breaks for stock investments such as those in British personal equity plans.
- Portugal Telecom's privatization was four times oversubscribed; the government sold 28 percent of the phone monopoly in the country's largest single privatization.
- EA-Generali AG, Austria's leading insurer, said 1994 net profit fell 10 percent, to 594.8 million schillings (\$59.9 million); the company is 80 percent owned by Assicurazioni Generali SpA.
- Vontobel Group, a Zurich-based banking company, is to acquire an 80 percent stake in Bankhaus Berger & Co. of Austria.
- International Paper Co. of the United States is to buy the printing resins and adhesive resins businesses of DSM NV of the Netherlands; the price was not disclosed.
- CarnaudMetalbox SA expects to see an increase in operating profit for 1995 but the year will be a difficult one, Jürgen Hintz, the chairman, said.

French Industrial Output Up

PARIS — Industrial production in France rose 2.0 percent in March from February and 5.9 percent from March 1994, mainly because of a sharp rise in energy output, the national statistics institute said Friday.

Energy output jumped 12.7 percent in March. Manufacturing output, however, was down 0.6 percent in the month.

Economists said the data provided little to soothe worries that growth was slowing. "My conclusion is that France reached its growth peak at the end of 1994 and that the economy is going to slow down," said Bernard Gode ment, economist at Nomura Research Institute.

AMEX

Stock	High	Low	Open	Close	Change
AMEX	2150	2100	2050	2000	-50
AMEX	2100	2050	2000	1950	-50
AMEX	2050	2000	1950	1900	-50
AMEX	2000	1950	1900	1850	-50
AMEX	1950	1900	1850	1800	-50
AMEX	1900	1850	1800	1750	-50
AMEX	1850	1800	1750	1700	-50
AMEX	1800	1750	1700	1650	-50
AMEX	1750	1700	1650	1600	-50
AMEX	1700	1650	1600	1550	-50
AMEX	1650	1600	1550	1500	-50
AMEX	1600	1550	1500	1450	-50
AMEX	1550	1500	1450	1400	-50
AMEX	1500	1450	1400	1350	-50
AMEX	1450	1400	1350	1300	-50
AMEX	1400	1350	1300	1250	-50
AMEX	1350	1300	1250	1200	-50
AMEX	1300	1250	1200	1150	-50
AMEX	1250	1200	1150	1100	-50
AMEX	1200	1150	1100	1050	-50
AMEX	1150	1100	1050	1000	-50
AMEX	1100	1050	1000	950	-50
AMEX	1050	1000	950	900	-50
AMEX	1000	950	900	850	-50
AMEX	950	900	850	800	-50
AMEX	900	850	800	750	-50
AMEX	850	800	750	700	-50
AMEX	800	750	700	650	-50
AMEX	750	700	650	600	-50
AMEX	700	650	600	550	-50
AMEX	650	600	550	500	-50
AMEX	600	550	500	450	-50
AMEX	550	500	450	400	-50
AMEX	500	450	400	350	-50
AMEX	450	400	350	300	-50
AMEX	400	350	300	250	-50
AMEX	350	300	250	200	-50
AMEX	300	250	200	150	-50
AMEX	250	200	150	100	-50
AMEX	200	150	100	50	-50
AMEX	150	100	50	0	-50

U.S. STOCK MARKET DIARY

Indexes						Most Actives					
Dow Jones						NYSE					
Open	High	Low	Close	Chg.		Vol.	High	Low	Close		
3447.50	3458.64	3435.54	3433.78	-25.97	Merck	102797	104	181	101		
1440.87	1448.23	1437.38	1437.09	-30.74	Pfizer	47745	62.84	39.94	39.94		
2632.97	2647.58	2624.56	2624.36	-1.72	Novartis	42388	44.44	43.54	43.54		
1466.24	1477.83	1455.17	1456.37	-13.32	Amgen	46284	36.74	36.74	36.74		
Standard & Poor's						NASDAQ					
High						Vol.					
High	Low	Close	Chg.		High	Low	Close	Chg.			
633.30	628.02	630.41	-2.81	Delta	37544	19.54	19.54	19.54			
624.30	624.02	624.01	-0.84	Delta	36904	45.94	44.44	44.44			
168.28	164.27	167.07	+1.13	Delta	45842	21.74	21.74	21.74			
29.21	29.20	29.21	+0.01	Delta	27487	72.74	72.74	72.74			
59.29	59.28	59.28	+0.01	Delta	2444	61.74	61.74	61.74			
311.21	310.50	310.51	-1.68	Delta	22558	53.74	53.74	53.74			
NYSE						NASDAQ					
High	Low	Close	Chg.		Vol.	High	Low	Close			
23.50	23.49	23.49	-0.21	Alcatel	11971	71.74	71.74	71.74			
23.47	23.46	23.46	-1.49	Alcatel	34667	27.74	27.74	27.74			
23.37	23.36	23.36	-1.49	Alcatel	34667	27.74	27.74	27.74			
23.32	23.31	23.31	-1.49	Alcatel	34667	27.74	27.74	27.74			
23.27	23.26	23.26	-1.49	Alcatel	34667	27.74	27.74	27.74			
23.22	23.21	23.21	-1.49	Alcatel	34667	27.74	27.74	27.74			
23.17	23.16	23.16	-1.49	Alcatel	34667	27.74	27.74	27.74			
23.12	23.11	23.11	-1.49	Alcatel	34667	27.74	27.74	27.74			
23.07	23.06	23.06	-1.49	Alcatel	34667	27.74	27.74	27.74			
23.02	23.01	23.01	-1.49	Alcatel	34667	27.74	27.74	27.74			
22.97	22.96	22.96	-1.49	Alcatel	34667	27.74	27.74	27.74			
22.92	22.91	22.91	-1.49	Alcatel	34667	27.74	27.74	27.74			
22.87	22.86	22.86	-1.49	Alcatel	34667	27.74	27.74	27.74			
22.82	22.81	22.81	-1.49	Alcatel	34667	27.74	27.74	27.74			
22.77	22.76	22.76	-1.49	Alcatel	34667	27.74	27.74	27.74			
22.72	22.71	22.71	-1.49	Alcatel	34667	27.74	27.74	27.74			
22.67	22.66	22.66	-1.49	Alcatel	34667	27.74	27.74	27.74			
22.62	22.61	22.61	-1.49	Alcatel	34667	27.74	27.74	27.74			
22.57	22.56	22.56	-1.49	Alcatel	34667	27.74	27.74	27.74			
22.52	22.51	22.51	-1.49	Alcatel	34667	27.74	27.74	27.74			
22.47	22.46	22.46	-1.49	Alcatel	34667	27.74	27.74	27.74			
22.42	22.41	22.41	-1.49	Alcatel	34667	27.74	27.74	27.74			
22.37	22.36	22.36	-1.49	Alcatel	34667	27.74	27.74	27.74			
22.32	22.31	22.31	-1.49	Alcatel	34667	27.74	27.74	27.74			
22.27	22.26	22.26	-1.49	Alcatel	34667	27.74	27.74	27.74			
22.22	22.21	22.21	-1.49	Alcatel	34667	27.74	27.74	27.74			
22.17	22.16	22.16	-1.49	Alcatel	34667	27.74	27.74	27.74			
22.12	22.11	22.11	-1.49	Alcatel	34667	27.74	27.74	27.74			
22.07	22.06	22.06	-1.49	Alcatel	34667	27.74	27.74	27.74			
22.02	22.01	22.01	-1.49	Alcatel	34667	27.74	27.74	27.74			
21.97	21.96	21.96	-1.49	Alcatel	34667	27.74	27.74	27.74			
21.92	21.91	21.91	-1.49	Alcatel	34667	27.74	27.74	27.74			
21.87	21.86	21.86	-1.49	Alcatel	34667	27.74	27.74	27.74			
21.82	21.81	21.81	-1.49	Alcatel	34667	27.74	27.74	27.74			
21.77	21.76	21.76	-1.49	Alcatel	34667	27.74	27.74	27.74			
21.72	21.71	21.71	-1.49	Alcatel	34667	27.74	27.74	27.74			
21.67	21.66	21.66	-1.49	Alcatel	34667	27.74	27.74	27.74			
21.62	21.61	21.61	-1.49	Alcatel	34667	27.74	27.74	27.74			
21.57	21.56	21.56	-1.49	Alcatel	34667	27.74	27.74	27.74			
21.52	21.51	21.51	-1.49	Alcatel	34667	27.74	27.74	27.74			
21.47	21.46	21.46	-1.49	Alcatel	34667	27.74	27.74	27.74			
21.42	21.41	21.41	-1.49	Alcatel	34667	27.74	27.74	27.74			
21.37	21.36	21.36	-1.49	Alcatel	34667	27.74	27.74	27.74			
21.32	21.31	21.31	-1.49	Alcatel	34667	27.74	27.74	27.74			
21.27	21.26	21.26	-1.49	Alcatel	34667	27.74	27.74	27.74			
21.22	21.21	21.21	-1.49	Alcatel	34667	27.74	27.74	27.74			
21.17	21.16	21.16	-1.49	Alcatel	34667	27.74	27.74	27.74			
21.12	21.11	21.11	-1.49	Alcatel	34667	27.74	27.74	27.74			
21.07	21.06	21.06	-1.49	Alcatel	34667	27.74	27.74	27.74			
21.02	21.01	21.01	-1.49	Alcatel	34667	27.74	27.74	27.74			
20.97	20.96	20.96	-1.49	Alcatel	34667	27.74	27.74	27.74			
20.92	20.91	20.91	-1.49	Alcatel	34667	27.74	27.74	27.74			
20.87	20.86	20.86	-1.49	Alcatel	34667	27.74	27.74	27.74			
20.82	20.81	20.81	-1.49	Alcatel	34667	27.74	27.74	27.74			
20.77	20.76	20.76	-1.49	Alcatel	34667	27.74	27.74	27.74			
20.72	20.71	20.71	-1.49	Alcatel	34667	27.74	27.74	27.74			
20.67	20.66	20.66	-1.49	Alcatel	34667	27.74	27.74	27.74			
20.62	20.61	20.61	-1.49	Alcatel	34667	27.74	27.74	27.74			
20.57	20.56	20.56	-1.49	Alcatel	34667	27.74	27.74	27.74			
20.52	20.51	20.51	-1.49	Alcatel	34667	27.74	27.74	27.74			
20.47	20.46	20.46	-1.49	Alcatel	34667	27.74	27.74	27.74			
20.42	20.41	20.41	-1.49	Alcatel	34667	27.74	27.74	27.74			
20.37	20.36	20.36	-1.49	Alcatel	34667	27.74	27.74	27.74			
20.32	20.31	20.31	-1.49	Alcatel	34667	27.74	27.74	27.74			
20.27	20.26	20.26	-1.49	Alcatel	34667	27.74	27.74	27.74			
20.22	20.21	20.21	-1.49	Alcatel	34667	27.74	27.74	27.74			
20.17	20.16	20.16	-1.49	Alcatel	34667	27.74	27.74	27.74			
20.12	20.11	20.11	-1.49	Alcatel	34667	27.74	27.74	27.74			
20.07	20.06	20.06	-1.49	Alcatel	34667	27.74	27.74	27.74			
20.02	20.01	20.01	-1.49	Alcatel	34667	27.74	27.74	27.74			
19.97	19.96	19.96	-1.49	Alcatel	34667	27.74	27.74	27.74			
19.92	19.91	19.91	-1.49	Alcatel	34667	27.74	27.74	27.74			
19.87	19.86	19.86	-1.49	Alcatel	34667	27.74	27.74	27.74			
19.82	19.81	19.81	-1.49	Alcatel	34667	27.74	27.74	27.74			
19.77	19.76	19.76	-1.49	Alcatel	34667	27.74	27.74	27.74			
19.72	19.71	19.71	-1.49	Alcatel	34667	27.74	27.74	27.74			
19.67	19.66	19.66	-1.49	Alcatel	34667	27.74	27.74	27.74			
19.62	19.61	19.61	-1.49	Alcatel	34667	27.74	27.74	27.74			
19.57	19.56	19.56	-1.49	Alcatel	34667	27.74	27.74	27.74			
19.52	19.51	19.51	-1.49	Alcatel	34667	27.74	27.74	27.74			
19.47	19.46	19.46	-1.49	Alcatel	34667	27.74	27.74	27.74			
19.42	19.41	19.41	-1.49	Alcatel	34667	27.74	27.74	27.74			
19.37	19.36	19.36	-1.49	Alcatel	34667	27.74	27.74	27.74			
19.32	19.31	19.31	-1.49	Alcatel	34667	27.74	27.74	27.74			
19.27	19.26	19.26	-1.49	Alcatel	34667	27.74	27.74	27.74			
19.22	19.21	19.21	-1.49	Alcatel	34667	27.74	27.74	27.74			
19.17	19.16	19.16	-1.49	Alcatel	34667	27.74	27.74	27.74			
19.12	19.11	19.11	-1.49	Alcatel	34667	27.74	27.74	27.74			
19.07	19.06	19.06	-1.49	Alcatel	34667	27.74	27.74	27.74			
19.02	19.01	19.01	-1.49	Alcatel	34667	27.74	27.74	27.74			
18.97	18.96	18.96	-1.49	Alcatel	34667	27.74	27.74	27.74			
18.92	18.91	18.91	-1.49	Alcatel	34667	27.74	27.74	27.74			
18.87	18.86	18.86	-1.49	Alcatel	34667	27.74	27.74	27.74			
18.82	18.81	18.81	-1.49	Alcatel	34667	27.74	27.74	27.74			
18.77	18.76	18.76	-1.49	Alcatel	34667	27.74	27.74	27.74			
18.72	18.71	18.71	-1.49	Alcatel	34667	27.74	27.74	27.74			
18.67	18.66	18.66	-1.49	Alcatel	34667	27.74	27.74	27.74			
18.62	18.61	18.61	-1.49	Alcatel	34667	27.74	27.74	27.74			
18.57	18.56	18.56	-1.49	Alcatel	34667	27.74	27.74	27.74			
18.52	18.51	18.51	-1.49	Alcatel	34667	27.74	27.74	27.74			
18.47	18.46	18.46	-1.49	Alcatel	34667	27.74	27.74	27.74			
18.42	18.41	18.41	-1.49	Alcatel	34667	27.74	27.74	27.74			
18.37	18.36	18.36	-1.49	Alcatel	34667	27.74	27.74	27.74			
18.32	18.31	18.31	-1.49	Alcatel	34667	27.74	27.74	27.74			
18.27	18.26	18.26	-1.49	Alcatel	34667	27.74	27.74	27.74			
18.22	18.21	18.21	-1.49	Alcatel	34667	27.74	27.74	27.74			
18.17	18.16	18.16	-1.49	Alcatel	34667	27.74	27.74	27.74			
18.12	18.11	18.11	-1.49	Alcatel	34667	27.74	27.74	27.74			
18.07	18.06	18.06	-1.49	Alcatel	34667	27.74	27.74	27.74			
18.02	18.01	18.01	-1.49	Alcatel	34667	27.74	27.74	27.74			
17.97	17.96	17.96	-1.49	Alcatel	34667	27.74	27.74	27.74			
17.92	17.91	17.91	-1.49	Alcatel	34667	27.74	27.74	27.74			
17.87	17.86	17.86	-1.49	Alcatel	34667	27.74	27.74	27.74			
17.82	17.81	17.81	-1.49	Alcatel	34667	27.74	27.74	27.74			
17.77	17.76	17.76	-1.49	Alcatel	34667	27.74	27.74	27.74			
17.72	17.71	17.71	-1.49	Alcatel	34667	27.74	27.74	27.74			
17.67	17.66	17.66	-1.49								

ASIA/PACIFIC

Japan Weighs Use
Of Public Funds
To Bail Out Banks

Compiled by Our Staff From Dispatches

TOKYO — The Japanese government is preparing a plan that might involve the use of public funds to help financial institutions dispose of bad loans, Finance Minister Masayoshi Takemura said Friday.

"We want to compile a comprehensive package aimed at disposing of a specific term," Mr. Takemura said. "The use of public funds is generally a significant theme."

Japanese financial institutions are struggling with an estimated 40 trillion yen (471.14 billion dollars) in bad loans inherited from reckless lending during the 1980s.

Apart from write-offs, which most banks have been slow in bringing to account, the only concrete step to clean up the mess so far has been the establishment of a special vehicle by the banks to absorb bad loans at heavy discounts to their face value.

Set up two years ago, Cooperative Credit Purchasing Co. has been unloading these debts at discounts of between 50 percent and 70 percent, with disposals

totaling only 8.69 trillion yen by the end of May.

Mr. Takemura did not mention the timing or the scale of the new solution, but said details would be announced as soon as possible.

His remarks sent the price of bank shares soaring on the Tokyo Stock Exchange with one of the most troubled banks, Nippon Credit Bank Ltd., rising nearly 5 percent. The bank's shares closed at 490 yen, up 22.

The Nikkei Stock Average rose to 15,849.13 from 15,594.57, but bond prices fell on speculation that the government might issue debt to create funds to help banks write off their bad loans.

Analysts were particularly wary of Mr. Takemura's remarks about using public funds given recent difficulties financial authorities have had in getting the Tokyo municipal government to help rescue two local credit unions.

"A direct bailout is not likely," said Yoshinobu Yamada, an analyst at Smith New Court Securities (Japan) Ltd.

(AFP, Bloomberg)

Saturn Shifts to the Right
GM Unit Will Build Model for JapanBy James Bennet
New York Times Service

SPRING HILL, Tennessee — General Motors Corp.'s Saturn division plans to start selling right-hand-drive versions of its sedans, coupes, and station wagons through exclusive dealerships in Japan as soon as 1997.

The cars, which will be called Saturns there as well, will be priced to compete against Japanese-made small cars rather than against other imports, which tend to be more expensive, Saturn executives said Thursday. The cars will be produced at Saturn's complex here on the same assembly line as other Saturns.

Saturn is preparing to switch to a new 1996 model, which was designed to be slightly narrower than the old one to meet the needs of Japanese buyers, said Skip LaFave, the president of Saturn and GM's group executive in charge of small cars. Japanese tolls, license fees, and other taxes are lower on narrow cars.

GM developed Saturn as its import beater, Mr. LaFave said, and exporting to Japan would allow Saturn to "take on the imports in their own territory."

[Yanase Co. will import the cars, which are to be sold by independent dealers, the Associated Press reported from Spring Hill, quoting Bill Betts, a Saturn spokesman.]

Mr. LaFave said a Saturn team had been analyzing the Japanese market for about three years and had determined ways to avoid adding substantial costs to the cars when they are imported — for example, by finding the cheapest ports to unload them.

He refused to say how many cars Saturn hoped to sell in Japan. But the large investment that will be required to pursue this strategy indicates that GM intends Saturn to be one of its leading brands in Asia. The automaker has seven brands in the United States but wants to have far fewer in Japan and other countries. Saturn already offers cars in Taiwan, where it plans to sell about 3,000 this year.

If Saturn is a hit abroad, it could justify increasing U.S. production and help defray GM's investment in the subsidiary. Saturn said it expected to make its third annual profit this year, before interest charges and other costs. But Saturn is far from paying back the parent company's investment, which auto industry analysts have put as high as \$5 billion.

GM is already planning to sell 20,000 Cavalier small cars in Japan, beginning this fall. But those cars will be sold through Toyota Motor Corp. and will bear the Toyota name. Saturn executives said the Cavaliers would cost about \$20,000 in Japan.

The Cavalier also has a larger engine than the Saturn — displacing 2.2 liters, compared with 1.9 — meaning it will be more expensive to own, because of taxes in Japan that discourage large engines.

GM is already selling versions of its small European Corsa car in Japan. In Japan, those cars, which are smaller than Saturns, are sold as Opels, a GM European brand.

Mr. LaFave said GM might consider sending another North American-made car or light truck model to Japan and selling it as a Saturn, even if it does not wear the Saturn nameplate in the United States. "We would have no objection to that, but that would be a GM call," he said.

Saturn's plan to produce right-hand-drive models for Japan follows complaints by Detroit's Big Three automakers that they face

big barriers in that market, a central issue in the trade dispute between the United States and Japan. The Japanese have retorted that American cars are not generally suited to their market, particularly since few American exports have small engines and right-hand drive.

Donald W. Hudler, Saturn's vice president for sales, service and marketing, said the Saturn name was still "relatively unknown" among Japanese consumers. He said Saturn would seek to carve out an identity similar to

If Saturn is a hit abroad, it could justify adding production capacity in the United States.

the one it has in the United States, where its cars are viewed as reliable, sensible transportation sold in a friendly, low-pressure manner.

Mr. Hudler said Saturn would seek out experienced dealers in Japan willing to make the huge investment required to buy land for an exclusive Saturn showroom. "The primary focus will be stand-alones," he said. "We'll start out, not unlike we did here, with a fairly limited number, but we'll grow it."

He said Saturn had prepared its case for Japanese exports assuming the dollar would be worth 115 yen. With the dollar having since fallen to around 84 yen, he said, "the business case gets better every day."

Saturn expects to build about 305,000 cars this year, but the Tennessee plant has a theoretical capacity of 320,000. By Christmas, Mr. LaFave said, managers hope to have developed new systems that will raise that number, although he would not provide a target. Other executives, however, said they hoped to raise capacity to as many as 350,000 cars.

Once Saturn has squeezed all the capacity it can out of this factory, it plans to make its case to GM to add production, Mr. LaFave said. That new capacity could be added here or at another plant.

Saturn is also considering appealing to GM for a slightly larger car, which would be based on a European model, the Opel Vectra.

Saturn is halting production of old models on July 1 and plans to start exclusively making new ones on July 11, Nick Bozich, Saturn's manufacturing leader, said. By September, he said, Saturn hopes to return to its regular daily production rate of 1,150 cars.

Toyota Tops Earnings List in Japan

Toyota Motor Corp., Japan's largest automaker, had the most profit among the more than 2,000 listed Japanese companies that have reported earnings for the year ended March 31, Bloomberg Business News reported on Tuesday.

At the back of the earnings pack was Sumitomo Bank Ltd., which became the season's biggest loser after a write-off of bad loans.

Toyota was joined in the Top 10 by enterprises as diverse as Nippon Telegraph & Telephone Corp. and the creator of the "Super Mario Brothers" video game, Nintendo Corp.

At the other end of the line-up, Sumitomo Bank and five other finance-related companies were among the biggest 10 losers, a reflection of the dire state of Japan's financial industry.

Intel Plans
To Build
Chip Plant
In China

Compiled by Our Staff From Dispatches

SHANGHAI — Intel Corp. said Friday it would spend \$30 million on the initial phase of a computer-chip assembly and testing plant here that should begin production by 1997.

The plant, which will employ about 900 people, will make flash-memory and specialty computer chips, said Craig Barrett, chief operating officer of Intel. He said Intel's investment in the plant could total up to \$150 million.

"We will import finished silicon wafers, cut them up, test them and package them for sale in China and worldwide," Mr. Barrett said. "This will be part of our worldwide manufacturing infrastructure."

The plant will not produce Intel's Pentium and 486 microprocessors because it will not be equipped to make silicon wafers.

Mr. Barrett called the plan a "first step."

"It facilitates our presence and solidifies our presence in the Chinese economy," he said. Personal-computer sales in China are forecast to exceed 1 million units this year, up from 700,000 in 1994. About 90 percent of these use Intel microprocessors.

"Very quickly, China will be the largest market in the Asia Pacific," Mr. Barrett said, without giving specific sales figures. "It is safe to say that Chinese revenue growth has exceeded the Asia Pacific average."

Intel's new plant will need 15 to 18 months to get up to full speed but will be shipping in volume in its first year. Intel has similar plants in the United States, the Philippines and Malaysia.

Mr. Barrett said that while Shanghai's brisk growth presented infrastructure bottlenecks for some heavy manufacturers, he did not expect such problems for Intel's plant.


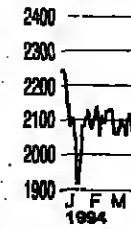
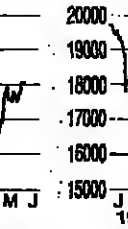
"We are happy with the basic power, water, work force, technical capability, proximity to good universities," he said.

(Bloomberg, Reuters)

China Bans Some Loans

The Shanghai branch of China's central bank has halted foreign-currency backed yuan loans to help contain the country's money supply and curb inflation, Bloomberg Business News reported. The decision is in line with a recent central bank circular, an official at the Shanghai branch of the People's Bank of China said.

Investor's Asia

Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225		
				
Exchange	Index	Friday Close	P.W. Close	% Change
Hong Kong	Hang Seng	2,208.51	2,205.03	+0.16
Singapore	Straits Times	2,006.70	2,021.00	-0.71
Tokyo	Nikkei 225	15,849.13	15,594.57	+1.63
Kuala Lumpur	Composite	1,078.98	1,070.82	+0.68
Bangkok	SET	1,406.88	1,401.60	+0.38
Seoul	Composite Index	894.24	891.43	+0.32
Taipei	Stock Market Index	Closed	5,714.33	
Manila	PSE	2,824.57	2,802.72	+0.78
Jakarta	Composite Index	489.42	485.78	+1.57
Wellington	NZSE-40	2,723.06	2,710.81	+0.58
Bombay	Sensitive Index	3,384.99	3,409.38	-0.72

Source: *Taiwanese* International Herald Tribune

Source: Reuters

International Herald Tribune

Very briefly:

- **Dentsu Inc.**'s pretax earnings in the year to March rose 49 percent from the previous year, to 19.5 billion yen (\$230 million), helped by increased advertising revenue.
- **Konica Corp.** will move all of its plate making and printing operations for overseas-bound products to its U.S. subsidiary, Konica Imaging USA Inc.
- **Qantas Airways Ltd.**'s 75 percent privatization is expected to begin next month and raise between 1.5 billion and 2 billion Australian dollars (\$1 billion and \$1.4 billion).
- **The Philippines** gross domestic product grew at a rate of 4.78 percent in the year to March, up from the previous year's growth rate of 3.63 percent.
- **South Korea** posted a trade deficit of \$1.093 billion in May, up 81.5 percent from May 1994, as imports surged.
- **India's** central bank has urged state-dominated commercial banks to be cautious in their lending, pay attention to recovery of bad debts, and increase efficiency to compete in a liberalizing economy.

AFP, Bloomberg, Reuters, APX

Bank Takeover in Australia

Bloomberg Business News

SYDNEY — Advance Bank of Australia Ltd. said Friday it would buy the state-owned Bank of South Australia Ltd. for 730 million Australian dollars (\$522.2 million), possibly heralding a shakeout in the regional banking industry.

Advance would become the country's sixth-largest bank in the highest domestic bank takeover since 1991, when Commonwealth Bank swallowed up

the ailing State Bank of Victoria. The enlarged Advance Bank would have assets of more than 19 billion dollars and shareholders' funds of 1.2 billion dollars.

The takeover would be the first in what was widely expected to be a consolidation in Australia's regional banking industry, analysts said. The regional banks are vulnerable to weakness in housing markets, and they are too small to compete with bigger lenders.

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Germany*	D.M.	700	32	210
Great Britain	£	210	32	65
Ireland	£Ir.	230	37	68
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Luxembourg	L.Fr.	14,000	41	4,200
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Herald Tribune

THE WORLD'S DAILY NEWSPAPER

MAY 1995

Slumping World Markets
Force Losses at Big Four

Bloomberg Business News

TOKYO — Japan's largest brokerage houses reported record losses on Friday, the result of an overall terrible performance in the world's money centers.

Japan's Big Four brokers — Nomura Securities Co., Nikko Securities Co., Daiwa Securities Co. and Yamaichi Securities Co. — reported pretax, consolidated losses totaling 166 billion yen (\$1.96 billion) for the year to March 31.

The companies blamed falling commissions from transactions on Japan's slumping stock market, along with trading losses around the world and increased expenses linked to restructuring efforts.

The losses were expected — all four brokerages said in March that they would "post losses." But with the exception of Nomura, all said they expected to return to profit this year. Nomura did not release an earnings forecast.

Most of the firms were glum about prospects for profits in North America and Europe but said Asian markets offered potential.

Daiwa, for example, plans to expand into the Philippines, Thailand and Vietnam. Nikko will open offices in Taiwan and South Korea, and Yamaichi has set up a subsidiary in the Philippines and established an Asian venture-capital fund.

While Nikko posted a loss of 26.66 billion yen last year, reversing from a profit of 34.76 billion yen the previous year, it managed a 54 million yen profit at its Asian unit.

Nomura reported a loss of 32.56 billion yen for the year, compared with a profit of 67.82 billion yen the previous year.

Yamaichi posted a 68.54 billion yen loss, compared with a profit of 11.03 billion yen the previous year and Daiwa posted a loss of 38.7 billion yen, compared with a profit of 57.82 billion yen.

Malaysia Targets Inflation

Reuters

KUALA LUMPUR — Prime Minister Mahathir bin Mohamad exhorted Malaysians to fight inflation on Friday, seeking to prevent the country's robust economic growth from being thwarted by spiraling prices.

Mr. Mahathir directed his remarks at consumers and did not make any weighty pronouncements on monetary or fiscal policy. He said business people should realize that they, too, were consumers and had a vested interest in keeping prices steady. He also called on Malaysians to curb excessive spending.

"Because we are all consumers, the control of inflation is our shared responsibility," the prime minister said in a televised speech.

His remarks disappointed financial markets, which had been expecting announcements of fiscal and monetary measures to combat inflation.

Malaysian leaders recently have expressed concern about price rises in the country as the economy heads toward its eighth consecutive year of more than 8 percent growth.

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1230 - 16 Kreschatzki St. (80044) 244-3376	I.B.C. World Trade Center, 36, Drashan Tranby Blvd. Worship 11:00, James Dule, Pastor. Tel: 704367.	I.B.C. of WADEN (Zürich), Rosenbergs- trasse 14, 8000 Wädenswil, Switzerland. Sun- day mornings 11:00. Tel: 1-724 2882.
MUNICH	CELE/HANNOVER	ASSOC. OF INT'L CHURCHES IN EUROPE & MIDEAST
INTERNATIONAL COMMUNITY CHURCH, Evangelical Bible Believing services in English 4:30 p.m. Sundays at Entenbrunn, 10 (2 Theresienstr.) (089) 850-8617.	I.B.C. 1400 Bible Society, Pastor Wirt Campbell, Ph. (0514) 46411.	BERLIN AMERICAN CHURCH IN BERLIN, cor. of Clay Alley & Potsdamer Platz, S.S. 930 a.m. Worship 11 a.m. Tel: 030-331-2021.
PARIS AND SUBURBS	DÜSSELDORF	COPENHAGEN
EMMANUEL BAPTIST CHURCH, 56 Rue de Bonne-Faïence, Rue-Malmatien, An Evangelical church for the English speaking community located in the western suburbs S.S. 8:45, 10:45, 10:45, 10:45, 10:45, Children's Church and Nursery, Youth Ministry, B.C. Thomas, pastor. Tel: 47 51 2835 or 47 48 15 29 for information.	I.B.C. English Worship and Children's Church Sundays at 10:30 p.m. Preaching temporary at the Evangelical, Friedenskirche Gemein- de in Ratingen, Germany (Kalsberg 11). Friedrichstrasse 11. For information call the pastor: Dr. Dr. Wirt Campbell, Tel: 0211-400157.	INTERNATIONAL CHURCH OF COPENHAGEN 10:15 & 11:30. Tel: 3182475.
HOPE INTERNATIONAL CHURCH (Evangelical)	FRANKFURT	GENEVA
17 rue Bayard 75006 Metro: Roosevelt, Sunday Service and Sunday School 10:00 a.m. All Wel- come. Tel: 48-78-794.	INTERNATIONAL CHRISTIAN FELLOWSHIP Evangelical Fellowship of Churches, Gemein- de, Sodenerstr. 11-18, 6080 Bad Homburg, phone: 06174-22788 serving the Frankfurt and Taunus areas. Germany. Sunday wor- ship 9:45, 11:15, 11:15, 11:15, 11:15, 11:15, Sunday's bible studies, Housegroups - Sun- day + Wednesday 19:30, Pastor M. Levey, member European Baptist Convention. "De- clare his glory among the nations."	EV. LUTHERAN CHURCH of Geneva, 20 rue Verdanne, Sunday worship 9:30, in Ger- man 11:00 in English. Tel: (022) 3105089.
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Best Bets



THE
MARKET
REPORT

FIRST COLUMN

Round Up
The Usual
Suspects

OF ALL the marvelous lines in the film *Casablanca*, one of the best comes during the scene in which the captain of police, played by Claude Rains, shuts down Rick's Café Américain. "I am shocked, shocked to discover gambling is going on here," he tells saloonkeeper Rick, played by Humphrey Bogart — just as a cashier hands Rains his roulette winnings for the evening.

Investors looking to make money in developing economies sometimes have a funny way of sounding like Claude Rains. They profess horror at what they find in these risky new markets — volatile stock exchanges, minimal regulation, Byzantine accounting, shareholder interests treated with less than kid gloves — and yet it is precisely this element of risk, with its promise of reward, that they were after in the first place.

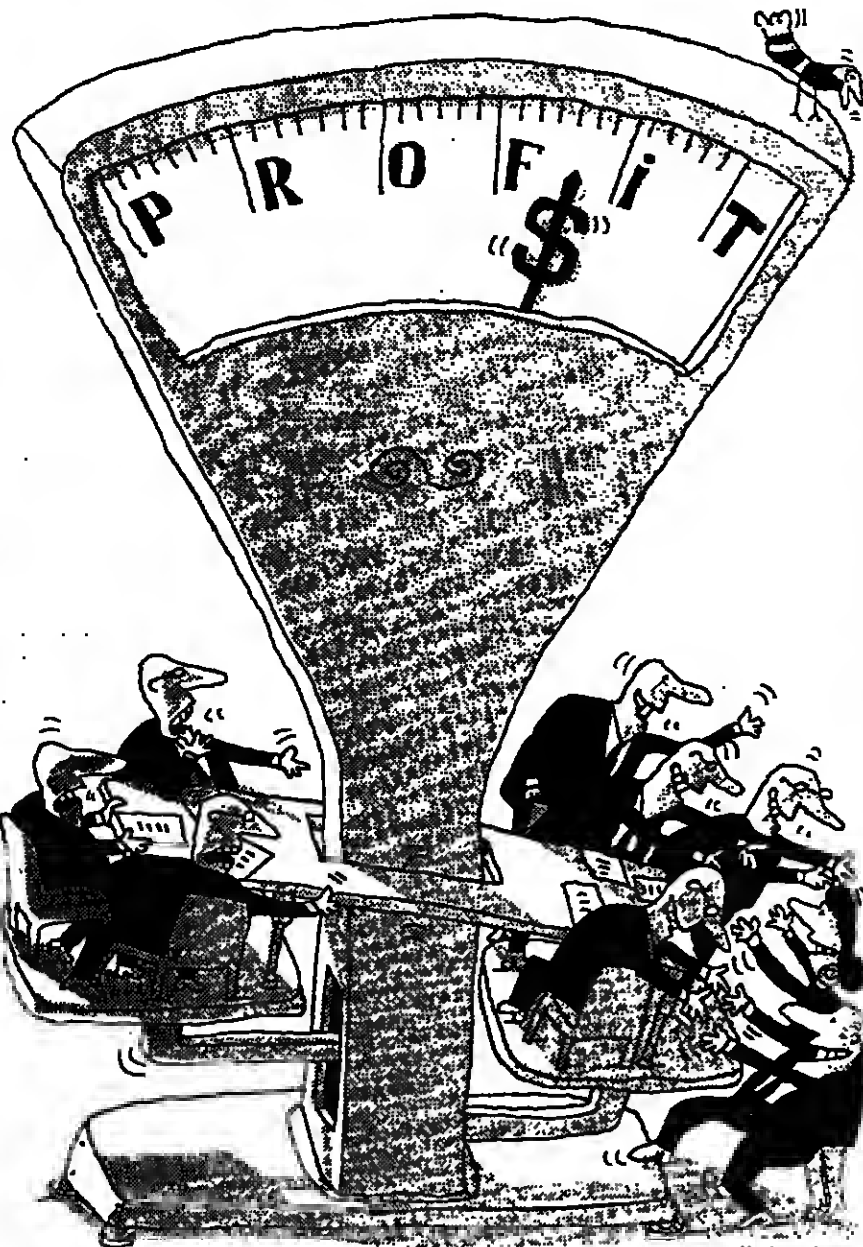
Of course, a winning bet never looks as risky as a losing one, and investors who put their money on emerging markets in Europe probably think they're hedging their bets simply by their choice of geography. Markets in Poland or Portugal or Turkey may seem more familiar to Western investors than more far-flung locations, but that sense of security probably has less to do with safety and stability than it does with hype. Remember the consumer-goods boom in the East that was supposed to follow the collapse of the Berlin Wall? Not surprisingly, Eastern consumers were less concerned about buying a food processor than about getting better food, and more of it. It shouldn't have been hard to see that one coming, yet few did.

But those were early days, and today's investors in emerging Europe have less excuse for being uninformed. There is at least five years' worth of experience in the region to draw on. The service-oriented financial journals do a good job of separating image from reality, and there are lots of investment counselors who are more interested in giving good advice than in moving product off the shelves. Pick a source you trust and stick with it. It could be the start of a beautiful friendship.

A.B.

Emerging Europe
Turkey's roller-coaster
Bullish days in Russia
European market roundup
Rebuilding Eastern Germany

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When the Majority Makes the Rules

By Rupert Bruce

IT is a tale that could not have been told five years ago, yet money managers say that stories like it are becoming common in the new shareholder democracies of Central and Eastern Europe.

Robert Blazek, managing director of Prague Capital Partners, says he was surprised when shares in Jacobs Suchard Figaro, a chocolate manufacturer based in the Slovak Republic, started to slip in over-the-counter trading last spring.

Figaro, a unit of Philip Morris, was expected to announce a respectable net profit for 1993 of 80.8 million Slovak korunas (\$2.75 million) at its annual meeting last May.

But when the company announced that net profit would be only 13.7 million korunas, Mr. Blazek decided to take a closer look at the figures.

What he found was a 173 million koruna "service charge" paid to Kraft General Foods, the Philip Morris unit that owns a controlling two-third interest in Figaro. The charge included 42 million korunas for "management of marketing, advertising and distribution" and 30 million korunas for "consulting, auditing and legal services," according to company records. It even covered security guards for Figaro facilities.

Mr. Blazek says he and a group of minority shareholders, who together own 10 percent of the company, lost 334 million korunas when Figaro stock plunged from 5,000 korunas in March 1994, shortly before the earnings report, to around 950 today. He blames the service charge for the drop, contending that the charge was "embellished" and was simply a way of moving Figaro profits to the Kraft bottom line.

For its part, Kraft maintains that Mr. Blazek's allegations are "unjustified and

without merit." Bernhard Huber, executive vice president for Central and Eastern Europe of Kraft Jacobs Suchard, said: "We have very, very strict worldwide internal rules we do have to follow. And we are audited by Coopers & Lybrand and the local tax authorities, and this allegation we reject and say it is nonsense."

Nevertheless, the Figaro minority group — Prague Capital Partners, along with Wysser-Frante & Co., the New York arbitrageurs, and other money management firms — has asked Kraft to hold an extraordinary shareholders' meeting by next Thursday to answer questions about the service charge and to consider the group's request for a seat on the Figaro board.

If Kraft refuses to call the meeting, the next step will be to petition the district court in Bratislava, under Article 181.2 of the Slovak commercial code, to call an extraordinary meeting within 30 days.

The Figaro case is just one of a growing number of instances in which minority shareholders' rights are becoming a burning issue in emerging Europe, for professional and private investors alike.

Much of the investor interest in Central and Eastern Europe rests on the belief that there are big profits to be made from undervalued and under-researched companies. Without proper protection, however, experts say minority shareholders have sometimes found their interests come second to those of a powerful majority owner — or, sometimes, to those of management.

Says one Western fund manager involved in the Figaro minority group: "Five years into the development of these markets, the time is ripe for paying more attention to the protection of minority shareholders from abuse."

Experts point to several areas of corporate practice that, while perfectly legal, may bear careful scrutiny by minority shareholders in East European companies.

One common practice is transfer pricing. It works like this: A Western company that buys a majority stake in a local company tries to shift profits from the partially-owned company to the parent or to a wholly-owned subsidiary outside the country. It can do this by charging the partially-owned company for services, such as technical and marketing assistance, or by selling goods back to the parent at deflated prices.

Although the tactic may lower tax rates for the local company, it often does so at the expense of local shareholders, who may have to suffer losses in share value as a result of lower earnings reports.

"One company buying a controlling stake in a local company can result in transactions that will make the minority's shares next to worthless," says Mr. Blazek, who claims to have identified 16 companies in the Czech and Slovak republics where this appears to be happening.

Another potential pitfall for minority shareholders is dilution of their position. Primorskii Shipping, a shipbuilder on the Pacific coast of Russia, aroused shareholder anger recently by announcing a new share issue that was authorized some two years ago at a shareholders' meeting. Many new shareholders say they were not aware that permission had been given, and that in any event the share issue should have been done in a timely manner.

The Primorskii dispute is being resolved privately, but fund managers say the episode points up the need for Eastern Europe's new private sector to get its shareholder relations act together — soon.

In the end, market forces may be the most effective agents of change. Says Richard Sobel, who manages Russian money for Baring Asset Management in London: "What we will find is that the companies which do more to help shareholders find they are able to do share offerings at a premium to other companies."

In Developing Markets, Follow-the-Leader Can Be a Losing Game

By Barbara Wall

NEVER follow fashion. This, if anything, is the lesson to be gleaned from the experience of investors who rushed to buy Eastern Europe funds back in 1990, just as these markets were becoming fashionable.

"There is a notable tendency for investors to wait until funds are performing well before investing their money," says Peter Jeffreys, managing director of Fund Research Ltd., an independent research group based in London. "However, it is at precisely this juncture that they should be thinking of taking their money out."

"With the main markets in Eastern Europe down by over 50 percent from previous highs, now is probably a better time to invest in the region," he adds.

Another lesson, according to fund managers, is that investors interested in emerging Europe do best by taking a long-term view. "Markets in Eastern Europe are at the same point as Asian markets were in the early 1980s," Mr. Jeffreys says. "Investors

who took a position on Asia in these days could have lost half their money overnight. But those who stuck with their investment will have made a hefty profit today."

With the right attitude firmly established, all that remains is the choice of investment vehicle.

Independent-minded investors may be persuaded to invest directly in the local stock markets. But Kenneth King, an emerging markets specialist at Kleinwort Benson Investment Management in London, advises taking a deep breath first.

"The vast majority of the markets in Central and Eastern Europe are highly illiquid, and detailed information on stock-market listings is almost impossible to get hold of," Mr. King says. "Shareholders may also encounter settlement problems and be unfamiliar with the different accounting systems employed."

One alternative to direct investment in the local stock market is to buy American Depositary Receipts, or ADRs, for one of the Eastern European companies whose ADRs are listed on either the New York Stock Exchange or the Nasdaq stock market.

A problem with this approach is that very few companies from emerging Europe list ADRs: a handful from Russia, two from Turkey, and one from Hungary. So far there are none from Poland or the Czech or Slovak republics.

Another problem with ADRs, Mr. King warns, is that they can be just as volatile as quoted securities on the local exchanges, so the potential for long-term returns is low.

A safer way, in theory, is to invest in Eastern Europe through a specialist regional or country fund — but, as some hapless investors found out five years ago, even this route is fraught with danger. Many of these funds, especially the closed-end country funds, have seen their net asset values plummet during the past eight months, some by as much as 33 percent.

Mr. King warns that investors run the risk of getting "locked in" with a single-country fund unless they have a talent for predicting market movements. He cites the example of Turkey, "one of the better markets" but also an extremely volatile one. Investors with \$100 in Turkish stocks in December 1993, for example, would

have seen the value of their investment drop to \$33 by March 1994, then double to \$66 in the next 12 months.

While single-country funds may appeal to seasoned investors, first-time investors generally do better by opting for a regional fund. As long as the fund manager is good and the investment company has a proven track record in the field, the risk is diluted, as there are more investments to choose from and the fund can switch to another market as the need arises.

The best-performing regional fund to date is Invesco International's East European Development fund, which was launched at the end of 1990. Although the fund recorded a fall of 21 percent in net asset value between November 1994 and May 1995, its assets have appreciated 333 percent since the launch date. The fund is invested throughout Eastern Europe, with a bias towards Russia and Poland.

The East European Development fund takes a two-pronged investment approach. As well as investing in quoted securities, the fund is 20 percent invested in unquoted companies. Roy Bracher, managing direc-

tor for Central European Asset Management, a division of Invesco, believes unquoted companies offer better value than listed securities because they tend to be in higher-growth industries.

Peter Kysel, manager of one of the oldest funds, the Hungarian Investment Company Ltd., for Govett and Co., believes that emerging-market funds should include bonds in addition to unquoted securities.

"The downfall of many East European funds is that they were created and marketed on the basis of the potential that exists in the emerging equities markets," he says. Had such funds also invested in bonds, he adds, the damage sustained during the plunge of 1994 may not have been as great.

Capital International's East European Investment fund, which was launched in 1993, goes that strategy one better by avoiding quoted securities completely and investing directly in companies. But Lam Nguyen-Phuong, manager of the fund, acknowledges that because of its highly speculative nature, it should form "just a very small part" of an investor's portfolio.

Best Bets in the Czech Republic May Lie Off the Beaten Path

By Iain Jenkins

LUXURY car dealerships are appearing all over Prague. New restaurants open almost daily. And more people are buying brand-name products in increasingly sophisticated retail chains.

All of which would appear to confirm that the "feel-good factor" has returned to the Czech Republic. With the economy set to grow between 5 percent and 7 percent this year, the signs point to a surge in stock prices.

But while other markets in Central Europe have staged rallies in recent weeks, Prague has been left on the sidelines.

Brokers in Prague are still talking about the market "reaching the bottom" at the market "reaching the bottom" around 1,200 on the H.N. Wood Index. Although the index is down 68 percent since its peak of February 1994, few say since that time the market has great growth prospects. Instead they advise investors to look elsewhere in the region.

Behind the paradox of the rapidly grow-

ing economy and the dull outlook for stocks is the bizarre fact that much of the growth will miss the manufacturing companies quoted on the Prague Stock Exchange. Most of the jobs and wealth are being created in the booming non-listed service sector.

"The Prague stock market isn't capturing the growth areas," says Rory Landman, who manages the Barings Emerging Europe Trust from London. "Most of the growth is coming from the smaller service sector companies and tourism rather than from manufacturing. There is value to be found, but the market will not rise as much as other Central and East European countries."

Experts say one of the problems is that many of the Prague-listed manufacturing companies haven't restructured themselves fast enough since they were privatized two years ago. They are swollen with too many workers, they have failed to modernize their plants and products, and have been slow to seek out western markets.

"The privatized companies are facing

real challenges and have got to restructure fast," says Elisa Mazen, co-manager and vice president of the Oppenheimer Capital Czech Republic fund, listed in New York. In some cases, she adds, new companies are capturing market share "right out of the box" from the privatized companies.

Ms. Mazen forecasts that within four or five years the number of companies listed on the Prague Stock Exchange will have shrunk from 1,700 to 200. She believes many companies that were privatized in the "mass privatization" — when the major manufacturing companies were handed over to the people for a nominal price — are not viable economic units. Some are only single factories, and each of the eight regional electricity, gas and heating utilities is listed separately.

In fact, although the mass privatization effectively built the stock exchange by creating a new class of company and shareholder, market observers also blame the mass privatization for the failure of exchange-listed stocks to reflect the real growth in the economy.

Since many state-run companies didn't

want to be privatized or broken up into small parcels, they have often been reluctant to play by the new rules. They tend to be hostile to the idea of a shareholder democracy, and many annual reports lack much useful information.

Until now this hasn't mattered much because the privatization was a social and political success. It gave each Czech citizen a stake in the new capitalist economy and built support for the government of Prime Minister Vaclav Klaus.

But, as William Crewdson, investment manager of the London-listed Fleming Czech Investment Co. fund, points out: "There is an argument for saying that the privatization process has hindered rather than assisted the restructuring process. You would have expected to see more rapid progress than has taken place so far."

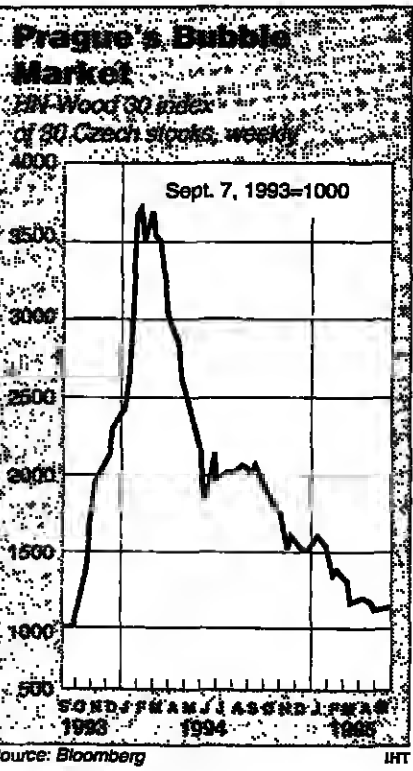
So far, the Klaus government's undeclared policy of slowing down the restructuring to give the economy time to adjust has worked — to a point. Unemployment is low, and the Czech Republic has managed to avoid many of the

undesirable effects the shift to a market economy has produced in other formerly planned economies.

But the mass privatization has also added an element of volatility to the domestic share market by creating a mass of potential sellers that far outstrips the mass of potential buyers.

The average Czech citizen uses stocks as a savings vehicle, so each time a family needs a washing machine or a new car, members sell their shares. Until now the only buyers have been foreign investors, so when they stop buying — as they did last winter — the market goes into free fall.

However, there are signs that this may be changing. Alexander Angell, head of equity sales for Wood & Co., says that 30 percent to 35 percent of brokerage business now involves domestic transactions. "It is no longer a case of foreigners buying and locals selling," he says, adding that the increase in local liquidity may encourage the entry to the market of more conservative international funds, which tend to shy away from illiquid situations.



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SPORTS

New Hemisphere, Old Battle for European Rugby's Perennial Rivals

By Ian Thomsen
International Herald Tribune

JOHANNESBURG — The never-ending argument resumes this weekend. France is going to wrestle with Scotland again, and Wales is going to wrestle with Ireland again, and next weekend the winners are going to wrestle with each other again.

Sometime late in the opening half, as they're preparing to huddle, they look at each other's necks, it's going to strike them. Why is the air so thin? Why is the ground so hard? And they'll realize they flew 10 hours overnight into the warm African winter in order to do what they do every winter in Europe.

The opening rounds of World Cup group play conclude this weekend, and all of the decisive matches involve the protagonists of Europe's annual Five Nations Championship. Most of the other 11 countries here have either knocked themselves out of contention or, in the case of South Africa, Australia and New Zealand, practically assured their path into the knockout rounds.

Among the Europeans, England is the odd man out. It meets Western Samoa on Sunday night in Durban to decide the winner of Pool B. The winner goes on to meet Australia in a quarterfinal, while the loser goes South Africa. The loser might very well be England, which has settled its first two matches here with all the fire of an accountant. Western Samoa, on the other hand, has come through like Errol Flynn waving his sword on a burning ship.

Maybe England is bored, not boring, and needs a challenge. The same may be true with France. The French need to lie down on a couch and talk things out. Either that or they need to pound Scotland, for Scotland represents all that the French fear in themselves. Last winter, after a humiliating loss to England at Twickenham, the French were expecting to steady themselves against Scotland in Paris, where the Scots had not won since 1969. Then Gavin Hastings scored his try up the middle like a man rising rather nautically from the grave.

Hastings and Scotland had indeed been left for dead, but ever since that legendary, final-moment try he has achieved a new ascendancy that might

be almost Faustian if he weren't so wholesome. The Scots gave England a brave go (braver than the French gave) to finish second in the Five Nations tournament. In South Africa, they have demolished Ivory Coast and Tonga by a combined 130-5, with 75 points and five tries coming from Hastings — making him the all-time leader with 198 World Cup points.

"I'm one of those guys who looks forward, not backward, and now the most important thing is the game on Saturday," said Hastings, who will retire at the end of the tournament. "We've lost only once in 1995, we've played pretty attractive rugby and I would suggest that the spirit in the Scotland camp has never been higher."

Their match Saturday in nearby Pretoria is probably the most important of the weekend. The loser will be given little chance in its quarterfinal against New Zealand, but the winner will go on to receive either Ireland or Wales, the two worst teams in the Five Nations this year.

Scotland has made only three changes from the team that upset France, with Craig Joiner and Scott

Hastings replacing the injured Gregor Townsend and Ian Jardine as the center pairing, and Doddie Weir back at lock instead of Stewart Campbell. France, meanwhile, has recalled Christophe Deyland (recovered from surgery three weeks ago for a broken thumb) to fly-half, the position he lost after the loss to Scotland.

While the Scots have been living with their wives and girlfriends, the French have become monks — isolating themselves from loved ones, shaving their heads, shugging their shrug. They know they should be so much better than they have been, and the whole world would like to see them improve. At their best, they represent the height of style. At their worst, they have been accused the Scots of being banned from two local restaurants.

"Everybody in the French camp, the press, the fans, was talking about it," said Guy Laporte, the French team manager. "I started with our three-quarters shaving their heads. I said I preferred my players to shave their heads rather than break up a restaurant."

The two restaurants have denied the allegations.

and Scotland — calling it "a complete and utter fabrication" — has filed a complaint against France with the World Cup organizers. But Laporte was sticking with his story that the Scots broke some wine glasses.

"They broke perhaps one, 10 or a hundred glasses — it's not my problem," Laporte said, shrugging. Waiting for the winner will be Wales or Ireland, who each one victory in the Five Nations when Ireland handed Wales the wooden spoon. They meet again here Sunday to decide which will be runner-up from Pool C.

In the long run, it may not matter how the Europeans settle their internecine squabbles. The Welsh manager, Alex Evans, an Australian, had thought his team could beat New Zealand on Wednesday, but the All Blacks reminded him with a 34-9 beating of the differences between north and south.

"Their rugby is quicker, their grounds are harder and they're just able to change gear quicker," he said. "It's a faster game in the Southern Hemisphere."

Dodgers Unfazed By One-Night Stand

The Associated Press

The Los Angeles Dodgers' one-night stand in Atlanta seemed to alter Tommy Lasorda's sense of direction.

"At least we didn't have to go much out of our way, since we were going from Philadelphia back to Los Angeles, Atlanta

NL ROUNDUP

was right on the way, and I'm glad we stopped off," the Dodgers manager said after his team beat the Braves, 6-3, Thursday in a rare one-game series.

In a scheduling quirk brought about by the baseball strike and the 144-game schedule, three clubs hosted one-night series. The others were Phillies and the Expos.

Los Angeles finished up an East Coast trip that took it to New York, Montreal, Philadelphia and Atlanta.

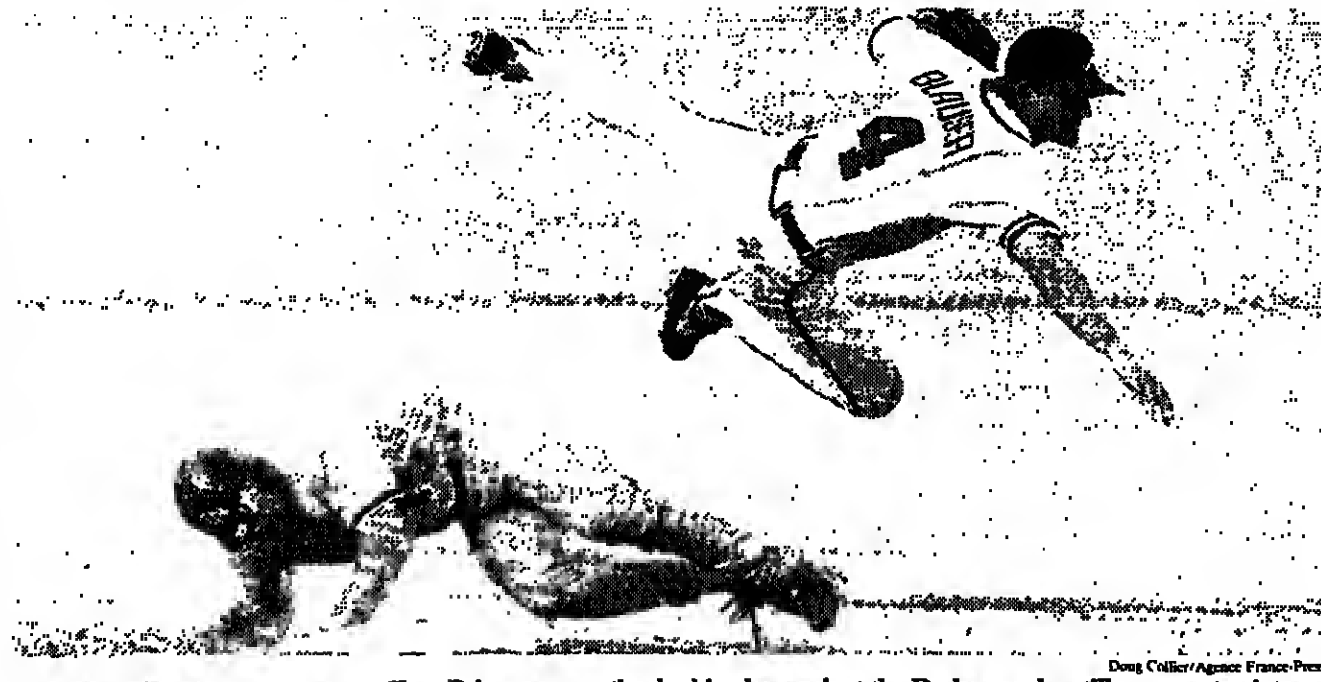
Roberto Kelly went 3-for-5 with three RBIs, two doubles and two runs scored for the

Dodgers. Eric Karros added an RBI single to extend his hitting streak to 16 games, and Jose Offerman hit a solo home run. Ismael Valdes pitched a seven-inning shutout with six strikeouts and no walks for his first career complete game.

Braves starter Kent Mercker had a career ERA of 1.05 in 34 innings against Los Angeles, but was roughed up for nine hits and six runs in 6½ innings.

Phillies 5, Reds 3: In Pittsburgh, left-hander Denny Neagle extended the longest winning streak of his career to five games, striking out five and scattering five hits in six innings against Cincinnati.

Neagle got help from his bullpen, as rookie reliever Jeff McCurry struck out Reggie Sanders with two outs and the bases loaded in the top of the seventh, preserving a 4-3 lead. Dan Miceli struck out the side in the ninth for his seventh save.



Atlanta's Jeff Blauer leaping over Tom Prince to turn the double play against the Dodgers, who still went on to victory.

Phillies 5, Cubs 3: Philadelphia increased its NL East lead to five games as Kevin Stocker hit a two-run single in the bottom of the eighth against Chicago and Heathcliff Slocumb got

the last three outs for his major-league-leading 14th save.

Expos 6, Cardinals 2: In Montreal, the Expos rookie left-hander Carlos Perez improved his record to 5-0, limit-

ing St. Louis to five hits over seven-plus innings, striking out five and contributing an RBI triple. He lowered his ERA to an NL-low 1.54.

Moises Alou and Tony Tar-

asco each went 3-for-4 and Mark Grudzielanek went 3-for-5 to account for nine of Montreal's 11 hits. The third-place Expos are only .005 percentage points behind Atlanta in the NL East.

A Streak Is Ended, But Rangers Win

The Associated Press

It doesn't mean much to Kenny Rogers that he pitched the longest stretch of scoreless innings since Orel Hershiser set the major-league record with 59 straight in 1988.

Minnesota's Kirby Puckett, on the other hand, said the Tex-

AL ROUNDUP

as Rangers' left-hander had done something special.

"This is something he should be very proud of," Puckett said after Rogers' streak stopped at 39 in Texas's 6-3 victory over the visiting Twins on Thursday. "I'm sure he's not thinking about it now, but when he looks back, it should give him a sense of pride."

To Rogers, the team-record streak is no big deal. He just hopes it proves to his doubters that his perfect game last summer was no fluke.

He leads the league with a 1.58 ERA and is tied with Kan-

sas City's Kevin Appier for the league lead with six victories.

Rogers was tagged with two earned runs in seven innings Thursday. He gave up five hits, walked only Pedro Munoz and struck out five.

"The streak was in the back of mind, but foremost was to get a good start and win the game," said Rogers, who in the fourth inning broke Charlie Hough's team record of 36 straight scoreless innings, set in 1983. "I'm kind of glad it ended. Now I focus on quality starts."

Indians 7, White Sox 4: In Cleveland, the Indians got home runs from Eddie Murray, Albert Belle, Jim Thome and Paul Sorrento to complete their first four-game sweep of Chicago since 1976.

The Indians' fifth straight victory improved the American League's best record to 22-9, matching Cleveland's best starts in 1941 and 1966.

SCOREBOARD

Major League Standings

AMERICAN LEAGUE

East Division

	W	L	Pct.	GB
Boston	20	11	.455	—
Toronto	15	18	.455	—
New York	13	17	.433	6½
Baltimore	13	18	.417	7

Central Division

	W	L	Pct.	GB
Cleveland	22	9	.710	—
Kansas City	14	15	.484	—
Minnesota	15	17	.469	7½
Chicago	11	20	.355	11
Minnesota	10	24	.294	12½

West Division

	W	L	Pct.	GB
California	20	13	.606	—
Seattle	19	13	.594	—
Texas	19	15	.559	1½
Oakland	17	16	.515	3

NATIONAL LEAGUE

East Division

	W	L	Pct.	GB
Philadelphia	24	9	.727	—
Atlanta	19	14	.576	—
Montreal	20	15	.571	—
New York	15	20	.431	11
Florida	8	28	.286	15

Central Division

	W	L	Pct.	GB
Chicago	20	12	.625	—
Cincinnati	18	12	.600	—
Houston	15	16	.484	—
Pittsburgh	13	19	.406	6½
St. Louis	14	21	.400	7½

West Division

	W	L	Pct.	GB
San Francisco	16	16	.500	—
Colorado	17	16	.515	—
Los Angeles	15	19	.441	3
San Diego	14	19	.424	3½

Thursday's Line Scores

AMERICAN LEAGUE

	W	L	Pct.	GB
Chicago	6	0	1.000	—
Cleveland	5	0	1.000	—
Baltimore	6	0	1.000	—
Toronto	3	0	1.000	—
Minnesota	3	0	1.000	—

NATIONAL LEAGUE

	W	L	Pct.	GB
Philadelphia	5	0	1.000	—
Atlanta	4	0	1.000	—
Montreal	3	0	1.000	—
New York	3	0	1.000	—
Florida	3	0	1.000	—

Atlanta

	W	L	Pct.	GB
Atlanta	200	100	.667	—
Atlanta	17	17	.500	—
Atlanta	15	19	.441	3
Atlanta	14	19	.424	3½

Atlanta's Line Scores

	W	L	Pct.	GB
Atlanta	6	0	1.000	—
Atlanta	5	0	1.000	—
Atlanta	6	0	1.000	—
Atlanta	3	0	1.000	—
Atlanta	3	0	1.000	—

Japanese Leagues

	W	L	Pct.	GB
Yokohama	22	10	.688	—
Yokohama	22	10	.688	—
Yokohama	22	10	.688	—
Yokohama	22	10	.688	—
Yokohama	22	10	.688	—

Friday's Results

	W	L	Pct.	GB
Yokohama	22	10	.688	—
Yokohama	22	10	.688	—
Yokohama	22	10	.688	—
Yokohama	22	10	.688	—
Yokohama	22	10	.688	—

Saturday's Results

	W	L	Pct.	GB
Yokohama	22	10	.688	—
Yokohama	22	10	.688	—
Yokohama	22	10	.688	—
Yokohama	22	10	.688	—
Yokohama	22	10	.688	—

NBA Playoffs

	W	L	Pct.	GB
San Antonio	21	21	.500	—
Houston	21	21	.500	—
San Antonio	21	21	.500	—
Houston	21	21	.500	—
San Antonio	21	21	.500	—

Baseball

	W	L	Pct.	GB
San Antonio	21	21	.500	—
Houston	21	21	.500	—
San Antonio	21	21	.500	—
Houston	21	21	.500	—
San Antonio	21	21	.500	—

Baseball

	W	L	Pct.	GB
San Antonio	21	21	.500	—
Houston	21	21	.500	—
San Antonio	21	21	.500	—
Houston	21	21	.500	—
San Antonio	21	21	.500	—

Baseball

	W	L	Pct.	GB
San Antonio	21	21	.500	—
Houston	21	21	.500	—
San Antonio	21	21	.500	—
Houston	21	21	.500	—
San Antonio	21	21	.500	—

Baseball

	W	L	Pct.	GB
San Antonio	21	21	.500	—
Houston	21	21	.500	—
San Antonio	21	21	.500	—
Houston	21	21	.500	—
San Antonio	21	21	.500	—

Baseball

	W	L	Pct.	GB
San Antonio	21	21	.500	—
Houston	21	21	.500	—
San Antonio	21	21	.500	—
Houston	21	21	.500	—
San Antonio	21	21	.500	—

Baseball

	W	L	Pct.	GB
San Antonio	21	21	.500	—
Houston	21	21	.500	—
San Antonio	21	21	.500	—
Houston	21	21	.500	—
San Antonio	21	21	.500	—

Baseball

	W	L	Pct.	GB
San Antonio	21	21	.500	—
Houston	21	21	.500	—
San Antonio	21	21	.500	—
Houston	21	21	.500	—
San Antonio	21	21	.500	—

Baseball

	W	L	Pct.	GB
San Antonio	21	21	.500	—
Houston	21	21	.500	—
San Antonio	21	21	.500	—
Houston	21	21	.500	—
San Antonio	21	21	.500	—

Baseball

	W	L	Pct.	GB
San Antonio	21	21	.500	—
Houston	21	21	.500	—
San Antonio	21	21	.500	—
Houston	21	21	.500	—
San Antonio	21	21	.500	—

Baseball

	W	L	Pct.	GB
San Antonio	21	21	.500	—
Houston	21	21	.500	—
San Antonio	21	21	.500	—
Houston	21	21	.500	—
San Antonio	21	21	.500	—

Baseball

	W	L	Pct.	GB
San Antonio	21	21	.500	—
Houston	21	21	.500	—
San Antonio	21	21	.500	—
Houston	21	21	.500	—
San Antonio	21	21	.500	—

Baseball

	W	L	Pct.	GB
San Antonio	21	21	.500	—
Houston	21	21	.500	—
San Antonio	21	21	.500	—
Houston	21	21	.500	—
San Antonio	21	21	.500	—

Baseball

	W	L	Pct.	GB
San Antonio	21	21	.500	

Home at Last, Rockets Oust Spurs to Gain Final

By Richard Justice
Washington Post Service

HOUSTON — The home-court finally became an advantage, and the Houston Rockets used it to clinch a second straight trip to the National Basketball Association Finals by defeating the San Antonio Spurs, 100-95.

Center Hakeem Olajuwon scored 39 points and grabbed 17 rebounds on Thursday to lead the Rockets, who became the first team to win at home in this series. Houston needed six games to wrap up the best-of-seven Western Conference finals and oust the team with the best record in the NBA during the regular season.

The Rockets await the winner of the Orlando Magic-Indiana Pacers series.

Houston forward Robert Horry clinched it with a pair of foul shots with 13 seconds left. Those were the last of his 22 points and his easiest on a night when he went 6 for 11 from

beyond the three-point line. Clyde Drexler led Houston's fourth-quarter rally and finished with 16 points, 10 rebounds and 7 assists.

"I'm probably the proudest man in the world right now," said the Rockets' coach, Rudy Tomjanovich. "It's hard to express how you feel about a group of guys that are backed up against a wall and hang together and get the job done. It's just heartwarming. I wish everyone could go through it."

David Robinson, plagued by foul trouble, led San Antonio with 19 points, but was just 6 for 17 from the field. The NBA's most valuable player also had six turnovers, and in the final moments, missed three foul shots and turned the ball over. Point guard Avery Johnson kept the Spurs in it with 19 points and 10 rebounds, and Dennis Rodman grabbed 17 rebounds and scored 14 points.

Neither team led by more than five points in the first three quarters, but Houston scored eight unanswered points for an

84-77 lead with 9 minutes, 48 seconds left in the fourth quarter. Drexler's basket after a steal gave Houston a 92-83 lead with 5:53 left and it appeared the Rockets would coast in.

The Spurs rebounded with a 10-0 run of their own. Doc Rivers led the charge with seven of the 10 points as Robinson was on the floor with five fouls. But Drexler gave Houston the lead for good with a pair of foul shots with 2:30 left. Robinson missed a short jumper and Horry controlled the rebound. Horry then nailed a 3-pointer for a 97-95 lead with 1:40 left.

Robinson missed a pair of foul shots and Sam Cassell made one with 37.5 seconds left. Rodman scored with an offensive rebound with 28 seconds remaining, but Horry's foul shots ended it for the Spurs.

After playing 16 games in 30 days, the Rockets finally have a chance to catch their breath before playing Game 1 of the NBA Finals next Wednesday in either Orlando or Indianapolis. Until Thursday, road teams had won the first five games of this series, but the Rockets are accustomed to doing things the hard way. A year after winning the franchise's first championship, Houston finished the regular season with the sixth-best record in the NBA.

Since then, they've knocked off the NBA's three top teams: San Antonio (62-20 in the regular season), Utah (60-22) and Phoenix (59-23).

They fell behind the Jazz 2-1 in a best-of-five series before rallying for a pair of victories, including Game 5 in Salt Lake City. They fell behind Phoenix 3-1 in a best-of-seven series before winning three in a row, including Game 7 in Phoenix. And in knocking off the Spurs, they won twice away from home, lost twice at home and won again after winning Thursday in Houston.

"You can't underestimate the heart of a champion," Tomjanovich said. "These guys have it and I'm really proud of them. It's a team game and everybody has a role. The other day Mario Elie scored three points, but when he was on the floor, the Rockets scored 30. You've got to have everyone."



In prime form, Conchita Martinez pounding a serve Friday in her defeat of Julie Halard.

Martinez Leaves Her Marks in the Red French Clay

By Christopher Clarey
Special to the Herald Tribune

PARIS — "I don't think her mind is on tennis anymore. The way things are going, I see her ranked eight or nine after Wimbledon."

It was February; the speaker was Eric Van Harpen. The subject was his former pupil, Conchita Martinez.

Van Harpen, who began coaching Martinez when she was 15, has been right on target many times. He was right about Martinez's top-10 potential, right to change her backhand from a two-hander to a one-hander, right to attempt to alter her service motion and right to urge her to push herself harder during practice.

But Van Harpen was dead wrong in February.

Since parting ways for the third and presumably final time with the exacting Dutch coach and casting her lot with Carlos Kirmayr, Martinez has looked anything but distracted. And to watch the fourth-seeded Spaniard pound deep groundstrokes, cover court, dictate pace and dominate matches so far at the French Open is to realize that the only direction her ranking is headed is north, not south.

"I've played Conchita a lot of times, and there's a big difference between Conchita now and Conchita before," said Julie Halard of France, a quarterfinalist here last year and a 1-6, 2-6 loser to Martinez on Friday. "She's much stronger on the court and much more concentrated."

With Kirmayr looking on placidly in the stands, Martinez has yet to lose a match in five tournaments — all on clay. At the Italian Open, she beat Mary Pierce in the semifinals and then crushed her fellow Spaniard and longtime rival, Arantxa Sanchez Vicario in the final. Since arriving at Stade Roland Garros here, she has continued to gather momentum, losing a total of eight games in her three victories over Sabine Hack, Miriam Oremans and Halard, who are all highly respectable clay-court players.

"I look like a different player," said Martinez, who fell into a dramatic downward spiral last fall, shortly after winning her first Grand Slam title at Wimbledon. "I feel much better on the court. I am playing more aggressive and deep."

Martinez, a semifinalist here last year, is not the only player leaving deep footprints in the red surface the French call *terre battue*. Paris might be called the City of Light, but the heavens did just fine on Friday.

Andre Agassi, the No. 1 seed, continued his breathtaking sprint through a favorable early draw, reaching the fourth round by beating Francisco Claver of Spain, 6-1, 6-2, 6-0. Thomas Muster also was impressive against another Spaniard, Carlos Costa, winning 6-3, 7-5, 6-2. It was Muster's 31st straight victory on clay this season.

But from now on, his path will be strewn with unpleasant obstacles. In the fourth round, he will face Andrei Medvedev, perhaps the most dangerous unseeded player in the draw. Medvedev rallied to win in five sets against the 11th-seeded Alberto Berasategui, the diminutive Spaniard who reached the final here last year.

If Muster gets past Medvedev, he will face the winner of the fourth-round match between the two-time champion

Jim Courier and Alberto Costa. Courier won in straight sets against Christian Ruud of Norway on Friday. Costa, yet another clay-loving Spaniard, did the same against Germany's Bernd Korbacher.

Costa's countryman, Alex Corretja, also reached the fourth round by upsetting Wayne Ferreira, the eighth-seeded South African. But while Corretja is a proven big-tournament performer, the same cannot be said of Yonnes El Aynaoui, a qualifier who became the first Moroccan to reach the fourth round of a Grand Slam event. El Aynaoui, who spends much of his time training in France, beat an Australian qualifier, Andrew Ilie, and will meet Agassi in the round of 16.

He won't be favored. But El Aynaoui is clearly a sanguine sort.

"If I win it's a historic moment; if I lose it's a historic moment," he said.

There were few historic moments for the women on Friday. Steffi Graf advanced with ease, as did her fellow German and future fourth-round opponent, Anke Huber. Gabriela Sabatini also advanced, with a 6-3, 6-4 victory over a gifted yet erratic Romanian, Irina Spirlea. Sabatini, who has made an unpleasant habit of losing large leads in the last two years, blew a 5-1 advantage in the final set but managed to break Spirlea's serve to win the match.

Martinez has not been forced to summon such heroics in quite some time. Long known as a player with enormous talent and mediocre work habits, she has put herself in good enough shape to dominate.

"When we first started working together in Florida in March, I could sense a great deal of desire on her part," Kirmayr said.

Martinez also has made some adjustments in her public persona and off the court. More expansive in interviews, perhaps because of a growing command of English, and less inclined to let her shoulders slump during matches, she is projecting confidence and contentment.

The question now is whether Martinez can maintain her focus and achieve what Van Harpen always wanted for her by becoming No. 1.

Asked about that goal late last year, Martinez planted her gaze on the floor and avoided the question. Asked about it this week, she looked her interlocutor in the eye.

"It was one of the top five players in the world," she said. "And now I am working on being the best in the world."

In OT Test, Red Wings Overcome Blackhawks

The Associated Press

DETROIT — Detroit knew the Chicago Blackhawks would be a powerful playoff test, unlike the San Jose Sharks.

Realizing that there would be no more 6-2 blowouts, the Red

Detroit swept San Jose in the second round, winning three of the games by 6-2 scores and a fourth, 6-0.

Joe Murphy opened the scoring Thursday with a first-period goal for Chicago. Keith Primeau tied it in the second.

Each team had nine shots on goal in the first period. Then the Red Wings, the NHL's best team during the season, began to gain an edge. Despite playing without Steve Yzerman, who is expected to miss at least two weeks with a knee injury, the Red Wings outshot the Blackhawks 14-5 the rest of the way.

Lidstrom's winning goal came on a slap shot from just inside the blue line. It was set up by Primeau, who won a faceoff with Jeremy Roenick, and by Shawn Burr, who helped screen Chicago goaltender Ed Belfour's view of the puck.

They fell behind the Jazz 2-1 in a best-of-five series before rallying for a pair of victories, including Game 5 in Salt Lake City. They fell behind Phoenix 3-1 in a best-of-seven series before winning three in a row, including Game 7 in Phoenix. And in knocking off the Spurs, they won twice away from home, lost twice at home and won again after winning Thursday in Houston.

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Results From Friday's 3d Round Matches

Men's Singles, Third Round
Yevgeny Kafelnikov (R), Russia, def. David Wheaton, United States, 6-2, 6-1, 6-4, 6-3.
Thomas Muster (S), Austria, def. Carlos Costa, Spain, 6-3, 7-5, 6-2.
Alberto Costa, Spain, def. Bernd Korbacher, Germany, 7-5, 6-2, 6-2.
Andrei Medvedev, Ukraine, def. Alberto Berasategui (R), Spain, 3-6, 6-3, 6-4, 7-5, 6-3.
Alex Corretja, Spain, def. Wayne Ferreira (R), South Africa, 6-4, 7-5, 6-2.

Andre Agassi (1), U.S., def. Francisco Claver, Spain, 6-1, 6-2, 6-0.
Yonnes El Aynaoui, Morocco, def. Andrew Ilie, Australia, 6-2, 7-5, 6-2.
Andrei Medvedev, Ukraine, def. Alberto Berasategui (R), Spain, 3-6, 6-3, 6-4, 7-5, 6-3.
Jim Courier (13), United States, def. Christian Ruud, Norway, 6-4, 6-2, 6-4.
Women's Singles, Third Round
Anke Huber (1), Germany, def. Sabine Alpmann, Belgium, 6-4, 6-2.
Adriana Serra-Zanetti, Italy, def. Veronika Martinek, Germany, 6-4, 6-3.
Kyoko Nagatsuka, Japan, def. Catalina Cristea, Romania, 6-3, 6-2.
Conchita Martinez (4), Spain, def. Julie Halard, France, 6-1, 6-2.
Gabriela Sabatini (8), Argentina, def. Irina Spirlea, Romania, 6-3, 6-4.
Virginia Ruano-Pascual, Spain, def. Nathalie Tauziat, France, 6-2, 7-6, 7-4.

G. Burke, Ex-Major-Leaguer, Dies of AIDS

New York Times Service

Glenn Burke, 42, a former outfielder for the Los Angeles Dodgers and the Oakland Athletics who was the first major-league baseball player to publicly acknowledge his homosexuality, died Tuesday in San Leandro, California, of complications from AIDS.

Burke played in the majors for four and a half seasons, batting .237 and stealing 35 bases. But he left the game at the age of 27 in 1980 because, he said, too many people in baseball condemned his sexuality.

"Prejudice drove me out of baseball sooner than I should have," Burke said in an interview with The New York Times last year. "But I wasn't changing."

ONE UP by Bryant White

- ACROSS
- 1 Ticks off
 - 7 Gunlock catch
 - 11 Pythia's friend
 - 16 Half of a Samson port
 - 20 1950's terrorist
 - 21 Cankerous
 - 23 Ran "Ran," e.g.
 - 24 Viscera
 - 25 "Can't Eye" novelist?
 - 27 Sugar suffix
 - 28 Pupil watcher
 - 30 Showoffs
 - 31 Ale holder
 - 32 One of a dozen
 - 33 Treebeard and others of Middle-earth
 - 34 Kapow!
 - 35 Pope Paul II's successor?
 - 41 1971 Fonda-Sutherland thriller
 - 42 Hanoi holidays
 - 43 Land of Evangeline
 - 49 Straight to Stradivari
 - 52 Dweller along the Platte
 - 54 Roman rhetorician who wrote "Institutio Oratoria"
- DOWN
- 1 "I'm o-c-c-o-k!"
 - 56 Slaves of the Morlocks, in fiction?
 - 57 Noramandy department
 - 58 Timeless, in poetry
 - 59 In wild confusion
 - 60 Hook's opposite
 - 62 "Eat at —"
 - 63 Oscar winner in "The Big Country"
 - 64 Picks out
 - 65 Old German coin: Var
 - 66 LAX letters
 - 67 Subjects to abusive tricks
 - 68 Many buttons
 - 69 Sagar's Olive
 - 71 Fine
 - 73 Cousin of a truffle
 - 74 Acclaimed Philly conductor
 - 75 Kindergarten's trio
 - 76 Courteous guy
 - 79 Navigational aid
 - 80 Slob's home
 - 81 Semisheer fabric
 - 83 Scanty
 - 90 Townships near Johannesburg
 - 92 June bug
 - 93 Dart
 - 94 Brightest star in Lepus
 - 95 Gumption
 - 97 1920's jazz dance
 - 99 It's good in Mexico
 - 100 Fifth-century B.C. philosopher
 - 101 Prefix with glider
 - 102 Victor in music
 - 104 "Funeral in Berlin" author?
 - 107 "Eugen Onegin" girl
 - 108 Frankish person
 - 112 Like Tchaikovsky's Symphony No. 1
 - 113 Penpoint
 - 115 Judicious
 - 118 Gunpowder alternative
 - 123 "Foucault's Pendulum" person
 - 124 Noted mountaineer?
 - 126 Kittenish
 - 128 Respected member
 - 129 Emphasize
 - 130 Like lightning
 - 131 Linoral fliers
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Knight-Ridder Newspapers

more than two years of renovation.

During B. Adams/The New York Times

ture was creaky, there was considerable settlement in the footing of the hotel," Friedrichs said. "There was no air-conditioning; only window units had been put through walls. The plumbing, the wiring, the electricity dated back to 1912."

In renovating the hotel, the architects sought to preserve the original design by Elmer Grey. The original structure "was very fanciful, very romantic and considered one of the splendid examples of Mission Revival architecture in California," said Dr. David Gebbard, an architectural historian at the University of

oration. Well, yes, it is. Is that so bad?"

Walking beside Friedrichs in the hotel's lobby, Howard Hirsch, a senior partner in Hirsch/Bedner, one of the leading hotel interior design firms, picked up the theme that the Beverly Hills Hotel was, in fact, a stage set: The 1978 comedy "California Suite," written by a frequent guest, Neil Simon, was filmed there.

The outside of the hotel is California Mission, and the inside is late Art Deco, Hirsch said. "There's no common theme. But this is Hollywood." The interior is a stage set, it's the theater, and we've forgotten that. Hotel guests are actors and the audience at the same time; it's a people-watching hotel. On the one hand, some people don't want to be seen. On the other hand, staying at the hotel is very important."


John C. ...

SATURDAY										SUNDAY									
Europe and Middle East										Europe and Middle East									
Location	Weather	High Temp. °C	Low Temp. °C	Water Temp. °C	Wave Heights (meters)	Wind Speed (kph)				Location	Weather	High Temp. °C	Low Temp. °C	Water Temp. °C	Wave Heights (meters)	Wind Speed (kph)			
Cannes	sunny	25/77	15/59	18/64	1-2	WNW 12-20				Cannes	partly sunny	24/75	14/57	18/64	1-2	NW 15-30			
Deauville	partly sunny	19/66	11/62	13/65	1-2	WNW 15-30				Deauville	partly sunny	16/64	11/52	13/65	1-2	WNW 20-40			
Rimini	partly sunny	25/77	16/61	19/66	1-2	NW 15-30				Rimini	sunny	26/79	15/59	19/66	1-2	WNW 18-35			
Malaga	sunny	29/84	18/64	20/66	0-1	N 20-30				Malaga	sunny	29/84	18/64	20/66	0-1	N 10-20			
Cagliari	sunny	25/77	16/61	20/66	0-1	NW 15-30				Cagliari	sunny	25/77	15/59	20/66	0-1	NW 15-30			
Faro	sunny	27/80	16/61	19/66	0-1	NW 10-20				Faro	sunny	28/82	16/62	19/66	0-1	NW 12-22			
Prasus	sunny	30/86	19/64	20/66	0-1	N 10-20				Prasus	sunny	30/86	20/68	22/71	0-1	N 12-22			
Corfu	sunny	29/84	19/66	22/71	0-1	NW 10-20				Corfu	sunny	29/84	19/66	22/71	0-1	NW 10-20			
Brighton	showers	18/64	9/48	13/65	1-2	W 18-25				Brighton	clouds and sun	17/62	9/48	13/65	1-2	NW 15-30			
Osland	showers	17/62	10/50	13/65	1-2	WSW 18-35				Osland	showers	19/61	10/50	13/65	1-2	WNW 18-35			
Scheveningen	partly sunny	15/61	10/50	13/65	1-2	SW 18-35				Scheveningen	showers	16/61	10/50	13/65	1-2	W 18-35			
Sylt	partly sunny	17/62	11/52	12/63	1-2	SW 20-40				Sylt	showers	16/61	11/52	12/63	1-2	WSW 20-40			
Umm	sunny	30/86	21/73	22/71	0-1	NW 10-20				Umm	partly sunny	30/86	22/71	20/68	0-1	W 12-22			
Tel Aviv	sunny	29/84	23/73	23/71	0-1	SW 10-20				Tel Aviv	sunny	29/84	23/73	23/71	0-1	SW 10-20			
Caribbean and West Atlantic										Caribbean and West Atlantic									
Barbados	partly sunny	33/91	24/75	30/86	1-2	E 15-25				Barbados	partly sunny	33/91	24/75	30/89	1-2	E 15-25			
Kingston	thundersun	32/89	26/79	31/88	1-2	SE 12-25				Kingston	showers	32/89	26/73	31/86	1-2	SE 12-25			
St. Thomas	partly sunny	34/93	27/79	30/89	1-2	E 15-30				St. Thomas	partly sunny	34/93	27/77	30/86	1-2	E 15-30			
Hampton																			

Lynn Redgrave delivered the commencement address for an unlikely audience: the business students graduating from Baruch College in New York. She did not try to give advice on succeeding in the

Without one, you can do it even faster.

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		<p>AFRICA</p> <p>Gabon** 000-001</p> <p>Gambia** 00111</p> <p>Ghana 0101</p> <p>Ivory Coast** 08-111-11</p> <p>Kenya** 0800-10</p> <p>Liberia 757-787</p> <p>Morocco** 002-11-0011</p> <p>Sierra Leone** 1100</p> <p>South Africa 0-800-89-0723</p> <p>Zambia** 00-889</p> <p>Zimbabwe** 110-999</p>	
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